Exhibit 13.1-T

Gonzalo Vadillo Espinosa
Notary Public No. 14
Cd. Del Carmen, Campeche.

Cd. Del Carmen, Campeche, as of October 3, 2017.

PERFORADORA ORO NEGRO, S. DE R.L. DE C.V.
Takin Parque Corporativo 4 ½, Office Building Takin
Avenida Isla de Tris 28, Ground Floor, Km. 5
Between *Avenida Contadores and Boulevard San Miguel,*
Fraccionamiento San Miguel, Ciudad del Carmen, Campeche
Zip Code 24157
Legal Representative.

Seal that reads:
[GONZALO VADILLO ESPINOSA
STATE OF CAMPECHE
UNITED MEXICAN STATES
CIUDAD DEL CARMEN, CARMEN, CAMPECHE
NOTARY PUBLIC NO. 14]

Ref: **Notice of EARLY TERMINATION OF THE LEASE (CONTRACT 421003823)**

Based on articles 30 thirty, 93 ninety-three, 94 ninety-four and 95 ninety-five of the Notarial Law for the State of Campeche *(Ley del Notariado para el Estado de Campeche)* in force, I give you notice of the following: That on this date, ***EFRAÍN SIERRA JUÁREZ,*** in his capacity of **Attorney-in-fact of "Pemex Perforación y Servicios, State-Owned Productive Company, Subsidiary of *Petróleos Mexicanos*;** which he has proven to me in terms of the Public Instrument number 123,738 one hundred and twenty-three thousand seven hundred and thirty-eight dated November 22 twenty-two 2016 two thousand and sixteen, granted before *Eduardo García Villegas,* Head of the Notary Public number fifteen of Mexico City; requested the services of the undersigned Notary to give you notice hereby of the EARLY TERMINATION OF THE LEASE **(CONTRACT 421003823)** through Official notice number PPS-SOIP-0399-2017 (P S dash S O I P dash zero three nine dash two zero one seven) dated October 2 two 2017 two thousand and seventeen, issued by *Carlos Francisco Rangel Hernández,* Drilling and Ground Wells Repair Manager acting as Alternate due to the Absence of the Wells Intervention Operations Subdirector appointed in the official notice number PPS-DG-139-2017 (P S DASH D G DASH ONE THREE NINE DASH TWO ZERO ONE SEVEN), dated August 14 fourteen 2017 two thousand and seventeen, issued by the Alternate due to the Absence of the Managing Director of Pemex Perforación y Servicios (EXHIBIT 3); in which is pointed out as ref: **Notice of the EARLY TERMINATION OF THE LEASE (CONTRACT 421003823)** consisting of 3 letter size useful pages written only on their front side.

The applicant, under oath, has stated the legality of the events whose notice is being requested and which is of the extensive knowledge of the company and its legal representative, for being perfectly aware thereof.

This citation for service is composed of one legal size useful page written on both sides that contains a list of the official notice and documents that are notified and whose certified copy I attach to the Schedule and Counterpart of the Deed resulting from this act.

Likewise, for the appropriate purposes, I instruct you to, according to the provisions in section II of Article 94 (ninety-four) of the current Notarial Law for the State of Campeche, the addressee of the subject matter of the act, may appear to the office of the undersigned Notary Public, located in Street 34 thirty-four number 211

Clara Álvarez González
Perito-Traductor P-045-2016
Consejo de la Judicatura Federal

	GROW LARGE CAMPECHE 2015-2021
[PICTURE]	**Identifies:** *Gonzalo Vadillo Espinosa* Second 14 Holder ISSUED: 10/20/2015 TERM: 09/15/2021

EXECUTIVE BRANCH OF THE STATE OF CAMPECHE	We request the support and consideration of civil, military authorities and members of the police for the holder to be able to perform the acts inherent to his position. The loss of this credential must be immediately reported in writing to the Notarial Control Directorate; likewise, the holder thereof is bound to return it when he stops working or at the request of the Governmental Institution.	
[illegible signature]	[illegible signature]	[illegible signature]
[illegible]	[illegible]	HOLDER OR PERSON IN CHARGE

Clara Álvarez González
Perito-Traductor P-045-2016
Consejo de la Judicatura Federal

PPS-SOIP-399-2017

EXHIBIT 1

Opinion of

Early Termination

Clara Álvarez González
Perito-Traductor P-045-2016
Concejo de la Judicatura Federal

PEMEX
PERFORACIÓN Y SERVICIOS

WELLS INTERVENTION OPERATIONS SUDIRECTORATE
DRILLING AND MARINE WELLS REPAIR MANAGEMENT

TECHNICAL RATIONALE FOR THE EARLY TERMINATION OF THE AGREEMENT No. 421003823

Ciudad del Carmen, Campeche, as of October 2, 2017.
Official notice: PPS-SOIP-0399-2017.

Sub-directorate of Wells Intervention Operations
Blvd. Adolfo Ruiz Cortines 1202
Edificio Pirámide, 8th floor
Fracc. Oropeza, Zip Code 86030
Villahermosa, Tabasco
Tel. (993) 310 62 62 Ext. 2 12 36

PERFORADORA ORO NEGRO, S. DE R.L. DE C.V.
Takin Parque Corporativo 4 ½, Office Building TAKIN
Av. Isla de Tris No. 28, Ground Floor, Km. 5 between *Av. Contadores* and *Boulevard San Miguel*
Fraccionamiento San Miguel, Ciudad del Carmen,
Campeche, Zip Code 24157.

Javier Barros Sierra #540, Office 103, Park Plaza Tower 1
Col. Santa Fe, Delegación Álvaro Obregón,
Mexico, Federal District, Zip Code 01210

Addressed to: Mr. Olé Aagaard Jensen
oaagaard@oronegro.com

Ref: Notice of early termination of the lease (contract 421003823).

In terms of the (i) lease contract number 421003823 dated April 23, 2013 ("CONTRACT"), entered into by ad between TODCO MÉXICO, INC. (currently PERFORADORA ORO NEGRO, S. DE R.L. DE C.V.) hereinafter "LESSOR" and Pemex Exploración y Producción ("PEP") (currently Pemex Perforación y Servicios, hereinafter "PPS" or "LESSEE") whose purpose is described as *"... the LESSOR undertakes and agrees to grant the temporary use and enjoyment to PEP, of the cantilever jack-up marine drilling rig of independent legs, named "Primus"...".* **(ii)** the memoranda of understanding and agreements that have been executed as to the "CONTRACT" and **(iii)** the *ADMINISTRATIVE CONTRACTING PROVISIONS IN THE SUBJECT OF PURCHASES, LEASES, WORKS AND SERVICES OF THE SUBSTANTIVE ACTIVITIES OF PRODUCTIVE NATURE OF PETRÓLEOS MEXICANOS AND SUBSIDIARY BODIES ("DACS")* published in the Federal Official Gazette of January 6, 2010 and in force on the execution date of the CONTRACT, it is communicated the determination of PPS to **terminate early** the CONTRACT, therefore, in strict compliance with the obligations provided in the eighteenth clause, section b) it is informed:

PREAMBLE

International oil prices are subject to international offer and demand and they fluctuate as a consequence of several factors beyond the control of *Petróleos Mexicanos*, PEP and PPS.

These factors are: competition in the oil sector, price availability and alternative energy sources, international economic trends, fluctuations in the exchange rate in the currencies, inflation expectations, local and foreign regulations, political events and other events in the main national

Clara Álvarez González
Perito-Traductor P-045-2016
Consejo de la Judicatura Federal

producers and oil consumers, as well as the measures that oil exporting countries adopt regarding its sale and distribution, *inter alia.*

When oil prices decrease *Petróleos Mexicanos*, PEP and PPS generally obtain lower income and, therefore, they generate a lower cash flow and lower yields, which leads to the instrumentation of efficiency and expenditure restrain actions, *inter alia,* renegotiating the agreements entered into with its suppliers that provide it better market conditions.

According to the information contained in the Energy Information Administration of the United States of America which collects statistical information for the Energy Department of the United States of America, the fall in oil prices at the international level has had a downward impact on the international rates of the agreements related to drilling equipment globally.

CONSIDERATIONS

(i) Article 3, third section and last paragraph, of the DACS provides that during the execution of the agreements, one of the principles to be considered is COMPETITIVENESS, referred to as the *"conditions and criteria to promote the competition among interested parties and **be able to obtain the best market offers**".*

(ii) Such principle has caused that the parties renegotiate and decrease the originally agreed lease rates.

Thus, the parties were able to decrease the rate of the daily rent, through the agreement number one to the CONTRACT, entered into on June 26, 2015 – in the framework of the implemented actions, from agreement CA-010/2015 of February 13, 2015 of the Board of Directors of *Petróleos Mexicanos*- to decrease the costs and promote efficiencies, to achieve the continuity of the contractual relationship in benefit of the Parties.

(iii) Article 13 of the *Law of Petróleos Mexicanos (Ley de Petróleos Mexicanos)* sets forth that the Board of Directors of *Petróleos Mexicanos* defines the strategic management of corporate and economic activities of its productive subsidiary companies *(inter alia,* those of PEP and PPS).

By agreement CA-013/2016 of February 26, 2016, the Board of Directors of *Petróleos Mexicanos: (i) approved the adjustment to the budget of Petróleos Mexicanos and its productive subsidiary companies 2016, for at least a decrease of 100 billion pesos and **(ii)** authorized the adaptation of the budget of the fiscal year 2016, in accordance with the approved adjustment derived from an income decrease, to comply with the balance sheet approved by the Congress.*

Likewise, the Board of Directors of *Petróleos Mexicanos* in the agreement CA-019/2016 of March 4, 2016, to implement this budgetary adjustment, *authorized the Management to negotiate and agree the amendment of the agreements, suspensions and early terminations.*

After several negotiations in which it was sought to privilege the continuity of the contractual relationship (instead of the originally provided early termination), the parties materialized their efforts on November 14, 2016, with the execution of the amendment three, in which they agreed a temporary suspension of the lease without cost for PPS.

Clara Álvarez González
Perito Traductor P. 045-2016
Consejo de la Judicatura Federal

(iv) As a result of the prevailing situation in 2017, with the low prices of the barrel of Mexican oil and budgetary decrease, the Board of Directors of *Petróleos Mexicanos,* issued agreement CA-016/2017 on March first 2017, authorizing the Management to negotiate and agree the amendment of the agreements, suspensions and early terminations.

To this end, *Petróleos Mexicanos,* PEP, and PPS formed a work negotiation group with the LESSORS of the drilling equipment with whom contractual relationships are held.

To this date, no agreement has been formalized with the LESSOR that allows to harmonize the contractual conditions with the condition of the oil industry at the international level, to comply with the principles of competitiveness and efficiency that regulate the expenditure exercise by PPS.

However, with other lessors of drilling equipment similar to the LESSOR's equipment, have been concluded renegotiations decreasing the originally agreed lease rates, without establishing unfeasible burdens or determinants of the decreased rate.

EARLY TERMINATION BY DETERMINATION OF PPS

In the memoranda of understanding entered into on January 5, 2016, was acknowledged that because of the transfer of the CONTRACT, PPS subrogated in all the rights and obligations of PEP.

In the eighteenth clause (early termination), section b) of the CONTRACT, the parties agreed that PPS could **DETERMINE THE EARLY TERMINATION,** which in this case is implemented under the principle of COMPETITIVENESS, efficiency, economy, rationality, austerity and the expenditure constraint, since it has been possible to obtain a better lease rate with counterparties which have similar equipment to the one of the LESSOR, therefore, not being an agreement between the parties regarding the rate decrease, it is essential to activate the contractual mechanisms that allow this Productive Company to be able to obtain the best market offers and thus make effective the principle of competitiveness that governs the execution of the agreement, therefore the exercise of the right of my representative to terminate early the contractual relationship that is performed hereby, is fully justified as exposed in the Substantiated Opinion of September 28, 2017, attached hereto as EXHIBIT 1 and the Official Notice of Authorization of the Early Termination attached hereto as EXHIBIT 2.

Upon the early termination of the lease, the following will apply:

a. The rights and obligations of the parties will be maintained in full force and effect during the term of 30 (thirty) business days in compliance of the EIGHTEENTH Clause.- EARLY TERMINATION, section (b) of the CONTRACT, counted from this communication of Early Termination.

b. PPS will pay the concepts listed in numbers 1 and 2 of section b) of the eighteenth clause, as well as the assessed COMPENSATION agreed upon in number 3 of such section, provided that the LESSOR accepts the amount resulting from such compensation as total and only payment for the damages and lost profits suffered because of the early termination, waiving any subsequent claim.

Clara Álvarez González
Perito-Traductor P-045-2016
Consejo de la Judicatura Federal

The amount of such amounts will be determined in the settlement hereof, as set forth in the thirty-eighth clause of the CONTRACT.

c. In accordance with this early termination on November 3 of this year, will be carried out the definitive physical delivery of the rig through minute that will be executed on board in terms of the thirty-eighth clause, implementing the settlement agreed upon in such clause.

d. If the LESSOR, through its legal representatives, is not present on the Date and Place of Delivery, PPS reserves the right to bring any actions or exercise any rights derived from the applicable legislation and/or related hereto and/or any documents, deliverables or certifications related to, or delivered pursuant to such instruments.

Accordingly, in terms of the parties' agreements in the eighteenth clause, section b) of the CONTRACT and the amendments, it is formally given notice of the early termination of the lease for all admissible contractual and legal purposes.

Sincerely,

[illegible signature]
Carlos Francisco Rangel Hernández
Drilling and Ground Wells Repair Manager acting as Alternate due to the Absence of the Subdirector of Wells Intervention Operations, appointed with the official notice number PPS-DG-139-2017 dated August 14, 2017, issued by the Alternate due to the Absence of the Managing Director of *Pemex Perforación y Servicios.* (EXHIBIT 3)
Representation that is justified based on articles 1, 40 sections I, XXX and XLVIII, 44 section III, 49, 56, 57 and 61 of the Organic Statute of *Pemex Perforación y Servicios (Estatuto Orgánico de Pemex Perforación y Servicios),* published in the Federal Official Gazette on September 4, 2015 and pursuant to its amendments published in the same media on January 5, 2017.

[illegible signature]
RMR

cc: *Pedro Virgilio Sánchez Soto.*- Alternate due to the Absence of the Managing Director of *Pemex Perforación y Servicios.*
José Carlos Pacheco Ledesma.- Alternate due to the Absence of the Wells Engineering and Business Development Subdirector.
Miguel Ángel Lugo Valdez.- Purchase and Supply Coordinator for *Exploración y Producción.*
Juan Lorenzo González Montemayor.- Technical Support and Contracts Management Manager.
Renato Gamiño Ramos.- Drilling and Marine Wells Repair Manager.
Arturo Alfredo Musalem Solís.- Contracting Manager for Exploitation and Drilling Services.
Alejandro Minor Castillo.- Legal Manager Southeast Region.
Edgar Juvencio Herrera Rodríguez.- Responsible of the Agreements Seat *Carmen-Dos Bocas.*

Clara Álvarez González
Perito-Traductor P-045-2016
Consejo de la Judicatura Federal

Ciudad del Carmen, Campeche, as of September 28, 2017.

THIS TECHNICAL RATIONALE IS ISSUED FOR THE EARLY TERMINATION OF THE CONTRACT NUMBER 421003823, HEREINAFTER THE **"CONTRACT"** ENTERED INTO BY AND BETWEEN THE STATE-OWNED PRODUCTION COMPANY SUBSIDIARY OF *PETRÓLEOS MEXICANOS,* NAMED ***PEMEX PERFORACIÓN Y SERVICIOS,*** HEREIN REFERRED TO AS **"PPS"** AND THE COMPANY ***PERFORADORA ORO NEGRO, S. DE R.L. DE C.V.,*** HEREINAFTER REFERRED TO AS THE **"LESSOR"**, PURSUANT TO THE PROVISIONS OF ARTICLE 64 OF THE REGULATION OF THE LAW OF *PETRÓLEOS MEXICANOS (REGLAMENTO DE LA LEY DE PETRÓLEOS MEXICANOS);* 57 SECTION P), 75 SECTION V, PENULTIMATE AND LAST PARAGRAPHS, OF THE ADMINISTRATIVE CONTRACTING PROVISIONS IN THE SUBJECT OF PURCHASES, LEASES, WORKS AND SERVICES OF THE SUBSTANTIVE ACTIVITIES OF PRODUCTIVE NATURE OF *PETRÓLEOS MEXICANOS* AND SUBSIDIARY BODIES (**HEREINAFTER DAC**), IN FORCE AS OF THE CONTRACTING DATE AND THE EIGHTEENTH CLAUSE, SECTION B) OF THE **CONTRACT**.

1. BACKGROUND

I.1 CONTRACTUAL

I.1.1 The Economic Model dated October 31, 2012 that gave rise to the **CONTRACT,** in its number 2 sets forth the following (**Exhibit 1**):

> ... ***"2.- Substantive project to which the contracting is aligned***
> *Comprehensive project Tsimin-Xux and being able to operate any substantive project pursuant to PEP's needs"...*

I.1.2 On April 23, 2013, PEP and TODCO MÉXICO, INC. entered into the lease contract number 421003823 (hereinafter, the "CONTRACT"), whose purpose is described as *"... the LESSOR undertakes and agrees to grant the temporary use and enjoyment to PEP of a cantilever jack-up marine drilling rig of independent legs, named "Primus" with minimum nominal capacity to operate in water depth of at least 400 feet ad minimum drilling capacity of 30,000 feet of depth, including crew for operation and comprehensive maintenance, to operate in Mexican waters of the Gulf of Mexico (Jack-up "LXVII"), in the conditions specified in Exhibits "DT-1", "DT-2", "DT-3" and "DT-5" that are part of this agreement...",* with a term of 1,030 (one thousand and thirty) calendar days, counted from the issuance date of the Acceptance Certificate (**Exhibit 2**)

In the section **RECITALS**, number 2.4, of the **CONTRACT**, the **LESSOR** designated as domicile for purposes of the **CONTRACT**, the one located in *Calle Edzná No. 1, Carr. Carmen-Puerto Real and Chichen Itzá, Colonia Mundo Maya, Ciudad del Carmen, Campeche,* Zip Code 24150 and it has the Federal Registry of Taxpayers key TMI030813GYA. However, through communication of July 14, 2017, the LESSOR pointed out the one located in *Takin Parque Corporativo 4 ½,* Office Building *TAKIN, Av. Isla de Tris No. 28,* Ground floor, Km. 5 between *Av. Contadores and Boulevard San Miguel, Fraccionamiento San Miguel, Ciudad del Carmen, Campeche,* Zip Code 24157.

Clara Álvarez González
Perito-Traductor P.045-2016
Consejo de la Judicatura Federal

I.1.3 On August 23, 2013, the parties formalized the Agreement Number One to the **CONTRACT** in which they convened to differ in 15 calendar days the start and end date of the lease set forth in number 2 "Availability" of Exhibit "DT-3" "Individual specifications" of the **CONTRACT**, which was originally scheduled to start on May 27, 2013 and end on March 21, 2016, setting forth as new start date June 11, 2013 and end on April 5, 2016 and, thus, reschedule the check-list inspection dates for June 10, 2013, without amending the term lease or the originally agreed amount. Because of that, was amended the Third clause of the **CONTRACT** "Lease term" and number 2.2 "Availability" of Exhibit "DT-3" both of the **CONTRACT** ***(Exhibit 3).***

I.1.4 On March 3, 2015, the parties formalized the Memoranda of Understanding Number One to the **CONTRACT** whose purpose was the change of nationality and corporate name, set forth in the **CONTRACT** originally under the name of TODCO MEXICO, INC. for its new name Perforadora Oro Negro, S. de R.L. de C.V., establishing that any reference made in the **CONTRACT** with its respective exhibits, to the company *TODCO MEXICO, INC.* must be understood referred to its new name *Perforadora Oro Negro, S. de R.L. de C.V.,* which is the same lessor company, provided that the new name acknowledges all responsibilities and obligations assumed in the **CONTRACT** and it acknowledges the assignment of collection rights in favor of Deutsche Bank México, S.A. (**Exhibit 4**).

I.1.5 By official notice ONP/PON/CDC/PEP/069-15 dated June 23, 2015, the **LESSOR** according to the Nineteenth clause.- Communication between the Parties, of the **CONTRACT,** communicated the change of domicile, which is the following: *Edificio Takin, Av. Isla de Tris No. 28,* Ground floor, *Col. Privada San Miguel, Cd. Del Carmen, Camp.,* Mexico, Zip Code 24157 ***(Exhibit 5).***

I.1.6 On June 26, 2015, the parties formalized the Amendment Number Two to the **CONTRACT,** whose purpose was the decrease of the daily rate originally agreed of the Rig named "Primus" which was USD$158,999.00 (One hundred and fifty-eight thousand nine hundred and ninety-nine dollars 00/100 of the United States of America) per day, to establish it in the amount of USD$130,000.00 (One hundred and thirty thousand dollars 00/100 of the United States of America) per day, rate to be applied from June 1, 2015 to May 31, 2016. ***(Exhibit 6).***

In number III and IV of the chapter of Recitals of the Agreement Two was set forth that it was executed abiding by the Agreement No. CA-010/2015 issued by the Board of Directors of *Petróleos Mexicanos* at special Meeting number 887, in its item Four, in the then Purchase and Supply Directorate of *Petróleos Mexicanos,* proceeded to perform the actions set forth in the referred Agreement to decrease costs and promote efficiencies comprehensively and in benefit of the interests of *Petróleos Mexicanos* and its State-Owned Production Company Subsidiary named PEP, thus, in writing on May 27, 2015, the LESSOR offered the decrease of the rate of the daily rent originally agreed upon of the "Primus" Rig of "USD$158,999.00 per day, to establish it in $130,000.00 per day.

In number V of the Recitals of the Agreement, it was mentioned that by official notice No. DCPA-053-2015 PEP-220-2015 dated May 29, 2015 issued approval through the Managing Directorate of *Pemex Exploración y Producción* to enter into the amendments entered into under the Agreement of the Board of Directors No. CA-010/2015 pursuant to the provisions in article 58 section I of the Administrative Contracting Provisions in the subject of leases, works and services of the Substantive Activities of productive nature of *Petróleos Mexicanos*

Clara Álvarez González
Perito-Traductor P. 045-2016
Consejo de la Judicatura Federal

and Subsidiary Bodies (DAC) published in the Federal Official Gazette *(Diario Oficial de la Federación)* on January 6, 2010.

I.1.7 On October 29, 2015, the parties formalized the Amendment Number Three to the **CONTRACT**, whose purpose was to extend the term of the **CONTRACT** in 365 (three hundred and sixty-five) calendar days, counted from April 6, 2016 to April 5, 2017, which represented an increase of 35.44% (thirty-five point forty-four percent) regarding the originally agreed term, having a new term of the **CONTRACT** of 1,395 (one thousand three hundred and ninety-five) calendar days, included from June 11, 2013 to April 5, 2017, for which was amended the Third clause of the **CONTRACT** "Term of the lease" ***(Exhibit 7).***

In number III of the chapter of Recitals of the Agreement Three was mentioned that by official notice No. DCPA-053-2015, PEP-220-2015 dated May 29, 2015, was issued the approval from the General Directorate of Pemex Exploración y Producción to enter into the amendments entered into under the Agreement of the Board of Directors No. CA-010/2015, pursuant to the provisions in article 58 section I o the DAC.

In number IV of the chapter of Recitals of the Agreement Three was pointed out that the Agreement of Term Extension to the **CONTRACT** was justified in the framework of the negotiations carried out between the Corporate Purchases and Supply Directorate and the **LESSOR.**

It is important to mention that the formalization of the Term Extension Agreement was part of the negotiations conducted by the LESSOR who, due to order, was prioritized to carry out the Rate Decrease Agreements with the companies to, subsequently formalize the term extensions product of the negotiations.

I.1.8 On January 5, 2016, a Memoranda of Understanding to the CONTRACT was formalized with the LESSOR, whereby it was documented that due to the transfer of the CONTRACT from PEP to PPS, PPS was subrogated in all rights and obligations of PEP, therefore all references made to PEP contained in the CONTRACT as a decentralized public body subsidiary of Petróleos Mexicanos or as productive company subsidiary of Petróleos Mexicanos, would be deemed as referring to PPS; thus LESSOR recognized and agreed that the rights and obligations that PEP assumed under the CONTRACT whose purpose has been described, correspond to the state-owned productive company Subsidiary of Petróleos Mexicanos named Pemex Perforación y Servicios (PPS) , therefore, LESSOR accepted that the CONTRACT has been entered into with PPS. **(Exhibit 8)**.

In the Second understanding, the **LESSOR** acknowledged and accepted that the Administrative Area of the Project designated in the **CONTRACT** and identified as Drilling and Marine Wells Repair Management ascribed to the then UNP of **PEP**, will be from the formalization date of the Memoranda, the Drilling and Marine Wells Repair Management, of the Wells Interventions Operations Subdirectorate, ascribed to Pemex Perforación y Servicios, because its functions have been replicated as Administrative Unit of **PPS.**

I.1.9 On September 12, 2016, **PPS** and the **LESSOR** formalized the Minute of Delivery of the "Jack-up Primus" Rig in the **CONTRACT**, which sets forth the following: ***(Exhibit 9)***

Clara Álvarez González
Perito-Traductor P-045-2016
Consejo de la Judicatura Federal

FIRST.- *Delivery-Receipt of the Jack-up "Primus" rig. On September 9, 20106, is removed the jack-up (sic) rig of the structure Xanab-A according to the Official notice PEP-DG-SPAS-1212-2016 dated August 26 of this year, and transferred with support of 3 (three) tugboats Smith Tide, Kin and Tanok to the anchorage of Cd. Del Carmen (safe location), being positioned in final location and precharge leg No. 1 (one) to 100% and releasing the last tugboat* ***Kin at 24:00 Hrs. on September 11, 2016.***

SECOND.- *Based on the provisions in the suspension agreement entered into by and between the area of PURCHASES of PEMEX and the LESSOR (sic), is made the Delivery-Receipt of the jack-up rig (sic) "PRIMUS", which is delivered to the full and complete satisfaction of the company PERFORADORA ORO NEGRO, S. DE R.L. DE C.V., being* ***24:00 hours of September 11, 2016.***

I.1.10 On November 14, 2016, the parties formalized the Amendment Four to the CONTRACT, where they agreed the suspension of the term lease for a 12- (twelve) month period, at the end of the intervention of the well allocated by PPS and which is positioned in safe location and have been released the tugboats that transferred it without any cost for PPS. **(Exhibit 10)**

Likewise, it was agreed the extension of the term of the CONTRACT for 365 calendar days, the increase of amount of the agreement in USD$116'100,000.00 (One hundred and sixteen million one hundred thousand dollars 00/100 of the United States of America) and the Amendment to the Invoicing and Payment Conditions.

It was also agreed that after the suspension period, the CONTRACT would be automatically reactivated, restarting the operations related thereto, without entering into any other legal instrument.

Number III of the chapter of Recitals of the Agreement Four set forth that it was executed abiding by the Agreement No. CA-019/2016, issued by the Board of Directors of *Petróleos Mexicanos* at ordinary Meeting number 906 of March 4, 2016, which because of the adjustment to the budget of *Petróleos Mexicanos* and its Subsidiary Productive Companies 2016, authorized the Management to negotiate and agree the amendment of the agreements, suspensions and early terminations.

Number IV of Recitals of the Agreement pointed out that through official notice No. PEP-017-2016, PPS-110-2016, DCPA-081-2016 of May 16, 2016, was issued the approval of PEP, PPS and the Corporate Directorate of Purchase and Supply for the Amendments entered into pursuant to the Agreement of the Board of Directors No. CA-019/2016, issued at ordinary meeting number 906 of March 4, 2016, pursuant to article 58 of the DAC.

Number V of Recitals of the Agreement Four points out that, pursuant to the provisions at Special Meeting 010 of the Committee of Purchases, Leases, Works and Services of PPS, was set forth the integration of the Workgroup for the negotiation, which is part of the strategy for the review of terms and conditions of agreements in force. It also sets forth that according to the Agreement No. CA-019/2016 of the Board of Directors of *Petróleos Mexicanos*, dated July 15, 2016, the Negotiations Workgroup (Todco Drilling Equipment (Oro Negro) entered into the agreement to proceed to the implementation of the amendments, in which was agreed, the temporary total suspension of the **CONTRACT** for a 1-year period (12 months) counted from the completion of the well allocated by PPS and which is positioned in safe location and

Clara Álvarez González
Perito-Traductor P-045-2016
Consejo de la Judicatura Federal

the tugboats that transferred it have been released, besides of the one-year extension of term of CONTRACT, in addition to the one-year extension by virtue of the agreed suspension, as well as other amendments.

I.2 BUDGETARY DECREASE

I.2.1 By official notice number SPE-001-2015 dated January 7, 2017, the Planning and Assessment Subdirectorate of *Pemex Exploración y Producción,* makes public textually the following: **(Exhibit 11)**

"Regarding the official notices referred to in the recitals section, where several Subdirectorates request and in some cases, confirm the need of additional requests in the investment budget authorized for 2015, I inform you that all Subdirectorates that under the current scenarios of international oil prices and the decrease in the expectations of the production schedules of this year, the Corporate has required to PEP, a budgetary decrease of around 47 billion pesos to decrease the negative impact on the income statement of this year, which entails the need to adjust again the budgetary ceilings, being as follows:

SCENARIOS OF ADJUSTMENT TO THE INVESTMENT BUDGET 2015
Cash flow in million pesos

	2014	2015		Adjusted I 2015 Adjusted
REGION/PROJECT	Adapted IV	Authorized	Adapted 1	
	1	2	3	4
FIELDS DEVELOPMENT	40,111	43,499	42,100	35,379
EXPLORATION	34,238	38,637	34,239	27,439
NORTHEAST MARINE P	63,966	72,795	64,535	55,674
SOUTHWEST MARINE P	40,743	45,691	41,199	38,128
NORTH P	53,323	25,415	27,034	28,744*
SOUTH P	52,110	54,652	54,600	44,303
INTERREGIONAL SDC	4,084	2,120	4,458	3,600

Notes: Generally, the decrease applies in equal proportion to the accruable
* It includes 3000 mp for COPF and CIPEs

...

From the foregoing, each one of its areas must reinforce the prioritization analysis and adjustment to the activities 2015, to cancel and differ those that represent the smallest benefit but without compromising the integrity of PEP's staff and facilities.

On the other hand, in the budgetary adjustment negotiations is maintained the review with the Corporate of the possibility of financing wells and works in 2015, not to affect the production goals, but it is clear that in case of obtaining financing for productive activities to release its assigned budget, these must deliver enough income to pay the capital and interest derived from these financing.

Regardless of the possibility of obtaining financing, each area is responsible for ensuring the level of commitments according to the assigned roofs, therefore, they must consider to adjust their budgetary ceiling of 2015 with the following premises:

Clara Álvarez González
Perito-Traductor P-045-2016
Consejo de la Judicatura Federal

1. Adjustment in wells and works with the least impact on production for 2015.
2. Adjustment to the projects not included in the National Infrastructure Program (Programa Nacional de Infraestructura, PNI)...
3. Adjustment to the added items of Studies and Preventive Maintenance, ensuring at all times not to compromise the integrity of people and facilities.
4. Decrease of costs in wells and works.
5. For Exploration, consider the adjusted scenario in 4.8 billion pesos presented to the CADB PEP and SPE plus an additional adjustment of 2 billion pesos.
...

I.2.2 Agreement No. CA-010/2015 issued by the Board of Directors at its Special Meeting 887 dated February 13, 2015, item I.1 Adjustment to the budget 2015, specifically in its First section e) and Fourth items sets forth the following: **(Exhibit 12)**

First.- Approved *the Adjustment to the Budget 2015 for the amount of $62 billion that considers:*
...
e) Expenditure decreases in hydrocarbon extraction activities that do not impact directly the production rig 2015.
Likewise, ***it ordered*** *the Management to start the acts necessary for the implementation of such decreases from this date, including the adjustments to the projects and agreements in those cases...*

Fourth.- *As to the review of the projects and agreements submitted to this Board,* ***it authorized*** *the Management to negotiate and agree the amendment of terms, amounts, rates and, in general, every provision that might be adapted to decrease costs and promote efficiencies comprehensively and in benefit of the interests of Petróleos Mexicanos and of its Subsidiary Bodies, including those that address the terms for which is required the previous authorization of this Board in terms of article 10 of the "Administrative contracting provisions in the subject of purchases, leases, works and services of the substantive activities of productive nature of Petróleos Mexicanos and Subsidiary Bodies".*

Likewise, ***it authorized*** *the Management to formalize the early terminations that are admissible pursuant to the terms agreed upon in the agreements, ensuring in any case that the corresponding settlements are in the best conditions for purposes of the Adjustment to the Budget 2015. The Management will report quarterly to this Board, through the Committee of Purchases, Leases, Works and Services, on the contractual amendments that have been agreed, as well as on the agreements regarding which has arisen their early termination.*

I.2.3 By official notice PEP-DDP-SPAS-160-2016 dated February 15, 2016 (**Exhibit 13**), the Subdirectorate of Shallow Water Production of **PEP**, reported to the Subdirectorate of Wells Engineering and Business Development of **PPS**, that the Primus jack-up rig that to this date made the Major Repair of the Xanab-11 well, at the completion of that well it has scheduled to perform minor repairs in the Xana-DL1 and Xana-31 wells; however, derived from the recent budgetary adjustments the Primus rig will not have additional activities upon completing the commented repairs train (Xanab-DL1 and Xanab-31).

Clara Álvarez González
Perito-Traductor P-045-2016
Consejo de la Judicatura Federal

I.2.4 On February 17, 2016, through press release 020-2016 SHCP (searchable on https://www.gob.mx/prensa/comunicado-de-prensa-020-2016) the Ministry of Finance and Public Credit announced the following: **(Exhibit 14)**

The volatility in the international financial markets increased from the start of 2016, associated mainly to a new fall in the oil price, to the increase process of the interest rates in the United States and to risks of a deceleration of the global economy, mainly in China.

In this context, the Government of the Republic has acted with tax responsibility, complying with the metrics set forth in the tax balance and acting coordinately with the Mexican Central Bank. In this vein, the performance of the Financial Requirements of the Public Sector is highlighted, the broadest measure of the balance, that includes Petróleos Mexicanos which decreased in 0.5% of the GDP to close, pursuant to the authorized goal, in 4.1% of the GDP during 2015.

...

Oil hedges contracted for 2016 protect the level of budgetary income during that year and, therefore, they provide certainty that the Government will be able to continue on the committed track record of multiannual consolidation. However, given the volatility of the external environment, it is necessary to take additional measures for three reasons:

1. *The depreciation of the exchange rate, reflects in part, the fall of oil prices that impaired the exchange terms of our economy. With this in mind, it is necessary that the external shocks are addressed comprehensively and coordinately through the use of all instruments of public policy, avoiding that all adjustments arise through a single instrument or variable.*

2. *Oil hedges protect the interests of the Federal Government for 2016 but not of 2017. Thus, derived from the recent oil price evolution, it is convenient to perform a preventive expenditure adjustment that allows to reach the tax consolidation goals established for 2017.*

3. *PEMEX must use all instruments that the Energy Reform granted it to operate with more efficiency, increasing its profits, in benefit of all Mexicans. The effort must be focused on PEMEX because not only does it face a drop in its income, but it must also redefine its business strategy in the new price context and under the new institutional framework".*

For these reasons, pursuant to the provisions in the LFPRH, the Government of the Republic redoubles efforts for the required additional strengthening of the public finance to be made through an expenditure adjustment of the Public sector, without tax increases and without a higher indebtedness level.

Therefore, the preventive adjustment to the public expenditure of the agencies and entities of the Federal Public Administration (Administración Pública Federal, APF) amounts to 132.3 billion pesos, amount that represents 0.7% percent of the GDP. This amount includes adjustments of 100 billion pesos in PEMEX pursuant to what the Managing Director of the State-owned Productive Company has informed to this Ministry that it will submit to the approval of its Board.

...

Clara Álvarez González
Perito-Traductor P. 045-2016
Consejo de la Judicatura Federal

The expenditure adjustment in the subject of investment considered the profitability and the social impact of each one of the projects, the implementation rate thereof and that they would have the legal technical elements to start their execution such as the record in the Investment Portfolio that manages and composes the Ministry of Finance and Public Credit (Secretaría de Hacienda y Crédito Público). In this vein, the agencies will decrease and reschedule physical goals of the programs and investment projects approved for this year.

...

On the other hand, the Managing Director of PEMEX has informed to the SHCP that it will submit a proposal of expenditure adjustment to approval of its Board of Directors of the Company. The adjustment program that will be proposed privileges actions that grant liquidity during 2016 and strengthen the long-term solvency. Such program will have the following general guidelines: to guarantee the security of its employees and facilities; to decrease corporate and administrative expenses; full compliance of the financial and labor obligations; to prioritize the investment in projects according to their profitability; to guarantee the transparency and competition in the processes of goods and services acquisition; to improve the productivity and cost efficiency in the existing projects and, jointly with the SHCP, mechanisms will be implemented to decrease the current liability and encourage the timely payment to suppliers.

According to the statements of PEMEX's Managing Director, the adjustment schedule will be proposed to the Company's Board of Directors next week and it will be for 100 thousand MDP.

I.2.5 At the Special Meeting 905 of February 26, 2016, the Board of Directors of *Petróleos Mexicanos* issued the Agreement CA-013/2016, reporting the following: (**Exhibit 15**).

I.1 Adjustment to the Budget of Petróleos Mexicanos and Subsidiary Productive Companies 2016.

Based on articles 13, sections I, IV and XXIX, 102, sections II and V and 103, first paragraph of the Law of Petróleos Mexicanos and the First Guideline, Number 5 of the Guidelines of the Budgetary Adaptations, for Petróleos Mexicanos and its Subsidiary Productive Companies, the Board of Directors:

First: Approved *the Adjustment to the Budget of Petróleos Mexicanos and its Subsidiary Productive Companies 2016, for at least one decrease of 100 billion pesos, as set forth.*

Second: Authorized *to make an adaptation to the budget of the fiscal year 2016, given that the approved adjustment derived from a decrease of own income, to comply with the balance sheet that the Congress approved.*

It is noteworthy that the Board of Directors of *Petróleos Mexicanos* defines the strategic management of the business and economic activities of its productive subsidiary companies (*inter alia*, those of PEP and PPS).
For prompt reference is transcribed the appropriate and proper part of article 13 of the Law of *Petróleos Mexicanos*:

Clara Álvarez González
Perito-Traductor P-045-2016
Consejo de la Judicatura Federal

Article 13.- *The Board of Directors, supreme management body of Petróleos Mexicanos, will be responsible for defining the policies, guidelines and strategic view of Petróleos Mexicanos, its subsidiary productive companies and its affiliate companies. For such purpose, it will have the following functions:*

I. *The main steering and strategic management of the corporate, economic and industrial activities of Petróleos Mexicanos, its subsidiary productive companies and affiliate companies;*

II. *To set forth the directives, priorities and general policies regarding the production, productivity, commercialization, technological development, investigation, general management, security, health and environmental protection, finance, budget and others related to the activities of Petróleos Mexicanos;*

III. *To approve, review and, as the case may be, update annually the Business Plan of Petróleos Mexicanos and its subsidiary productive companies, based on a five-year projection and, pursuant thereto, the operating and financial annual program;*

I.2.6 Through press release of February 29, 2016 published on the website http://www.pemex.com/saladepresnsa/boletines_nacionales/Paginas/2016-015-nacional.aspx *Petróleos Mexicanos* reported the following: **(Exhibit 16)**

The Board of Directors approves adjustment plan to Pemex's budget for 2016 of 100 thousand mdp.

All over the world, oil companies have made adjustments to their operation to face the drop in oil prices. Pemex is not the exception. The Income Law (Ley de Ingresos) for 2016 considers a price per oil barrel of 50 dollars and, currently, the average expected price for this year is of 25 dollars per barrel.

This decrease in the oil price raises serious liquidity problems to Petróleos Mexicanos that demand an adjustment in the income of 100 billion pesos to comply with the financial goal.

To face the situation, was designed a adjustment program whose priority was not to affect the long-term feasibility of the company, with the following criteria: to preserve the security of the staff and maintain the integrity of the company's facilities; to make the best use of the new instruments and concepts that the Energy Reform allows to attract investment; to face the company's labor and financial commitments; and maintain, as far as possible, the hydrocarbons production rig of this year, stabilizing the medium and long-term production levels.

The main three adjustment lines in the corporate and in all subsidiary companies of Petróleos Mexicanos, according to the plan that the Board of Directors approved last February 26, are:

1. *To generate efficiencies and decrease costs to increase the productivity in the operation and promote a rational use of the resources for a total estimated of 29 billion pesos.*

Clara Álvarez González
Perito-Traductor P. 045-2016
Consejo de la Judicatura Federal

2. *To differ and reformulate investments committing as little as possible the future production according to its profitability and availability of resources for approximately 65 billion pesos.*

3. *To adjust the operation expenditure and investment to the fall of 25 dollars in the average price of the oil barrel, to channel resources to profitable projects with the current prices. This adjustment represents approximately 6.2 billion pesos and it followed two criteria: that the differed investments were not profitable at the current oil prices and that they do not affect projects that were already producing in 2016.*

...

Action lines MXN billions	Corporate	Other SPC*	Logistics	TRI	PEP**	Total
• To generate efficiencies and decrease costs	13.1	0.1	1.8	0.8	13.1	28.9
• To differ/reformulate investments compromising as little as possible the future production	0.0	0.2	1.8	35.4	27.5	64.9
• To adjust the operating expenditure and investment to the drop from USD 50 to USD 25 average per barrel	0.0	0.0	0.0	0.0	6.2	6.2
	13.1	0.3	3.6	36.2	46.8	100.0

The amounts may not add up due to rounding.

** It refers to Pemex Fertilizantes, Pemex Etileno, Pemex Cogeneración y Servicios.*
*** It includes Pemex Perforación y Servicios.*
**** With production impact in 2016.*

I.2.7 The Board of Directors of *Petróleos Mexicanos* at Ordinary Meeting number 906 of March 4, 2016 issued the Agreement No. CA-019/2016, I.5 "Implementation of the Adjustment to the Budget of *Petróleos Mexicanos* and its Subsidiary Productive Companies 2016", which mentions the following: **(Exhibit 17)**.

First.- *As to the adjustment to the Budget of Petróleos Mexicanos and its Subsidiary Productive Companies 2016,* ***authorized*** *the Management to negotiate and agree the amendment of the agreements, suspensions and early terminations.*

I.2.8 The Committee of Acquisitions, Leases, Works and Services of the Board of Directors of *Petróleos Mexicanos*, at Special Meeting 010 of March 17, 2016 issued Agreement CAAOS-006/2016 named "Strategy and general criteria that the corporate directorate of purchases and supply will follow in the renegotiation process of agreements with suppliers", in exercise of its powers set forth in article 45 sections I and II of the Law of *Petróleos Mexicanos*, in force, at the proposal of the Managing Director, became aware of the "Guide of general aspects to be considered in the review of terms and conditions of current agreements", is attached. **(Exhibit 18)**

I.2.9 **By Internal Minute of July 15, 2016** was analyzed the following:

Through document dated June 30, 2016, ORO NEGRO (TODCO) submits the proposal for its 5 pieces of drilling equipment:

Equipment	*Strategy*	*Start of suspension term*	*Discount*		*Term extension*
			Daily rate USD	*Discount period*	

Clara Álvarez González
Perito-Traductor P-045-2016
Consejo de la Judicatura Federal

PRIMUS Jack-up 400 ft R. mixed 421003823	Total temporary suspension	From the completion of activities	Not applicable	Not applicable	1-year term extension
LAURUS Jack-up 400 ft. R. mixed 421003824	Total Temporary suspension	May-1-16 Apr-30-17	Not applicable	Not applicable	1-year term extension
DECUS Jack-up 400 ft. R. mixed 421004806	Continuity	Not applicable	116,300	Jun-1-16 to May-30-17	2-year term extension
FORTIUS Jack-up 400 ft. R. mixed 421004800	Continuity	Not applicable	116,300	Jun-1-16 to May-30-17	2-year term extension
IMPETUS Jack-up 400 ft. R. mixed 641005817	Continuity	Not applicable	116,300	Jun-1-16 to May-30-17	1-year term extension Subject to budgetary sufficiency and

The proposal requests the following:

- *Adjustment to the payment terms to pay the debts for services provided during September to December 2015 and February, March, April and subsequent of 2016 and having executed the agreements, would be reestablished the payment terms currently agreed upon in the agreements.*
- *Amendments in the contractual requirements regarding the staff.*

Due to the foregoing and pursuant to the instructions to the Senior Management, it is concluded the admissibility of the proposal pointed out in the chart above and to deem and consider concluded the negotiation with the company, addressed the purposes thereof by the Work Group.

I.2.10 By official notice PEP-DG-SPAS-141-2017 dated February 2, 2017, the Subdirectorate of Shallow Waters Production sent the movement of equipment corresponding to the POT-II/2017 of the interventions to wells of the Subdirectorate, where it can be remarked, there are no workloads for the rig Primus in the remainder of 2017. **(Exhibit 19)**

I.2.11 By agreement CA-016/2017 of March 1, 2017, issued by the Board of Directors of *Petróleos Mexicanos*, was set forth in its first Item the following: ***(Exhibit 20)***.

> *"**First.- It authorized** the Management to negotiate and agree the amendment of the agreements, suspensions and early terminations, including those that address the terms for which is required the previous authorization of this Board, in terms of the applicable provisions".*

I.2.12 On March 23, 2017, by Internal Minute with the LESSOR whose purpose was "Negotiation 2017 Drilling Equipment with the company *Perforadora Oro Negro, S. de R.L. de C.V.*", in first place was informed to the staff that would be part of the Negotiations Work Group *(Grupo de Trabajo de Negociaciones, GTN)* whose participation would be in terms of the Agreement of the Board of Directors of PEMEX CA-016/17 dated March 1, 2017, that authorizes the Management to negotiate and agree the amendment of the agreements, suspensions and early terminations.

Clara Álvarez González
Perito-Traductor P-045-2016
Consejo de la Judicatura Federal

At the meeting was expressed the budget availability for the fiscal year 2017, regarding the drilling activity, use of equipment and wells considered for the same fiscal year, as well as the environment of the drilling equipment market in the world both jack-up and semi-submersible and their behavior regarding the price.

It was informed to the LESSOR the proposal of PEMEX to be able to comply with its activity during 2017, pursuant to the following:

- *"**Decus:** Daily rate of USD$116,300 for a six-month period from June 1st 2017; as well as inclusion of the adjustment formula.*
- ***Fortius**: Daily rate of USD$116,300 for a six-month period from June 1st 2017; as well as inclusion of the adjustment formula.*
- ***Impetus**: Daily rate of USD$116,300 for a six-month period from June 1st, 2017; as well as inclusion of the adjustment formula.*
- ***Laurus:** Suspension from May 1st to October 31st 2017. Daily rate of USD$116,300 with semi-annual adjustment.*
- ***Primus:** Suspension from September 12, 2017 until reactivating in the last two-month period of 2017. Daily rate of USD$116,300 with formula of semi-annual adjustment.*

I.2.13 On April 6, 2017, by Internal Minute with the LESSOR whose Purpose was "Negotiation 2017 Drilling Equipment with the company *Perforadora Oro Negro, S. de R.L. de C.V.*", was put on record that it requested to Pemex to send in writing the negotiation proposals to deliver an offer.

I.2.14 By e-mail of April 7, 2017, was made a proposal to the **LESSOR**, pursuant to the Agreement of the Board of Directors of PEMEX **CA-016/17 dated March 1st, 2017**, and based on the budget allocated for the fiscal year 2017, coupled with the expenditure constraint for the same fiscal year, reaffirming the statements of the Negotiations Work Group at the meetings held on March 23 and April 6 of this year, was sent the formula of adjustment to the rate proposed to be included in the agreements that its principal holds, regarding each one of the 5 pieces of equipment.

Likewise, it was confirmed that the equipment Laurus and Primus will enter in suspension according to the following:

Laurus from May-1-2017 to Apr-30-2018
Primus from Sept-12-2017 to Sept-11-2018.

It was pointed out that the proposal is not binding, therefore, it does not represent or mean any agreement, commitment or admission of *Petróleos Mexicanos, Pemex Perforación y Servicios* or *Pemex Exploración y Producción.* Only an amending agreement in compliance of the applicable regulation is effective and has value.

I.2.15 By document number PPS-SOIP-GPRPM-495-2017 of April 12, 2017, received on April 25, 2017, based on article 64 first paragraph of the Regulation of the Law of *Petróleos Mexicanos* in force at the moment of entering into the **CONTRACT** and 74 of the Administrative contracting provisions in the subject of purchases, leases, works and services of the substantive activities of productive nature of *Petróleos Mexicanos* and Subsidiary Bodies (DAC) that sets forth the power to suspend partially or totally the **CONTRACT** because of the needs of the Substantive Project or of the **CONTRACT** that require so, the Management of Marine Wells Drilling and Repair (Project

Clara Álvarez González
Perito-Traductor P-045-2016
Consejo de la Judicatura Federal

Managing Area), communicated to the **LESSOR** the extension of the Temporary Suspension of the **CONTRACT** for one year counted from August 18, 2017, being able to start before if it is possible or until having budgetary sufficiency and according to the workload allocation, when the needs of the project or of the **CONTRACT** require so; the foregoing, considering that the drilling equipment does not have workload in the remainder of 2017 according to the POT-II-2017, that such situation is due to the adjustment to the allocated budget ceiling. ***(Exhibit 21).***

In the same document it was mentioned to the **LESSOR** to consider what article 74 of the DAC sets forth that the **CONTRACT** will establish the terms to proceed as a consequence of the suspension and, as the case may be, the corresponding payments; based on such provision it was pointed out that having restarted the activities and given notice that the Suspension has ended, would be formalized the Suspension Agreement in which will be acknowledged the term thereof, the start and end date, as well as the extension to the termination date of the execution term of the **CONTRACT,** without amendment of the originally established term.

I.2.16 By document of April 28, 2017 ***(Exhibit 22),*** received on that date, the **LESSOR** as answer to the official notice PPS-SOIP-GPRPM-459-2017 of April 12, 2017, rejected categorically the Suspension in the proposed terms, stating fundamentally that the suspension is not convened in the **CONTRACT** and to proceed unilaterally would be a contractual breach, that the suspension period would end on September 11, 2017 and the **CONTRACT** would restart operations from September 12, 2017, requesting besides the invoicing and collection thereof, because of the resumption of the lease subject of the **CONTRACT** according to the parties' agreement in the Amendment Four and Two bis (Agreement Three).

I.2.17 Pursuant to the Operating Program POT-III-2017 disseminated by official notice PPS-SIPDN-GEP-192-2017 of June 20, 2017, are not visualized workloads that require or need of the drilling rig "Primus" the remainder of 2017 and 2018; or even more, it is not considered as a drilling rig suitable of allocating workloads, which extinguishes the need to have it. ***(Exhibit 23).***

I.2.18 By official notice DCAS-DOPOA-CPAEP-GCSEP-386-2017 of July 6, 2017, it was communicated to the company *Perforadora Oro Negro, S. de R.L. de C.V.,* the negotiation proposal of Pemex, *inter alia,* to continue with the lease of the Primus Jack-up equipment, in terms of the agreement of the Board of Directors CA-016/2017 to negotiate with the Lessor both the applicable rates and the index that would be used to calculate them during the term of the agreement (**Exhibit 24**)

The proposal for the Primus equipment consisted of

5. Jack-up Primus Equipment (No. 421003823) suspension from September 12, 2017 until reactivating the equipment during the last two-month period of 2018; considering the corresponding extension as of the termination date of the term of the lease. The rate to be applied will be USD$116,300 and in six-month periods from its reactivation will be determined pursuant to the result of applying the adjustment mechanism that will be included in the corresponding agreement.

In the same document, the **LESSOR** was requested within a term not longer than five business days from the receipt of the document at issue, state its acceptance or rejection to the proposal described above, provided that, if accepting the proposal, would be formalized the corresponding amendment agreement and, otherwise, PEMEX could exercise its right of early termination of the **CONTRACT**.

Clara Álvarez González
Perito-Traductor P-045-2016
Consejo de la Judicatura Federal

I.2.19 By document without number dated July 13, 2017, the company *Perforadora Oro Negro, S. de R.L. de C.V.,* answered the proposal that Pemex made regarding the rates decrease, *inter alia,* of the lease of the equipment "Primus" stating that such proposal would not be acceptable for the company, because it compromises feasibility and it does not allow the compliance of its obligations assumed with third parties, because as a result of the Amendments Oro Negro has had its income and originally agreed economic benefits decreased around 55%. Considering the foregoing, Oro Negro requested to **PPS** the compliance of its obligations provided in the agreements and at the same time it proposed the following: ***(Exhibit 25)***

5. **Primus Agreement**. Subject to the statements below, **Oro Negro** is willing to accept a decrease in the daily rate as follows: (i) that the Primus Agreement resumes its operation on September 12, 2017 at a decreased rate to be agreed upon by the parties and which will be applicable for a term that will run from September 12, 2017 to June 30, 2018 and (ii) the application of the daily rate of USD$116,300.00 (one hundred and sixteen thousand three hundred dollars 00/100 Currency of the United States of America) from July 1, 2018 and until December 31, 2018, provided that from January 1, 2018, the corresponding daily rate would be determined based on a formula to be agreed upon between **PPS** and **Oro Negro**, which will consider a basis rate of USD$116,300.00 (one hundred and sixteen thousand three hundred Dollars 00/100 Currency of the United States of America) and a ceiling rate that will be equivalent to the one originally agreed in the Agreement. The foregoing is because **Oro Negro** accepted the suspension of the Primus Agreement for a 12-month period requested by **PPS** on a temporary basis and on time only without transferring to **PPS** any cost incurred to implement and maintain the suspension during such period, neither has it affected as of this date the cost of the commissioning and isolation of the rig Primus for it to be ready on time and form pursuant to the terms in force agreed in the Primus Agreement. The foregoing amendment is subject to **PPS's** acceptance to extend the term of the Primus Agreement for a twenty-four-month period, eliminate the early termination clause and accept that if the operation of the Primus Agreement is not resumed precisely on September 12, 2017, **PPS** would undertake and agree to pay to **Oro Negro** a contractual penalty equivalent to the daily rate that had been accrued from September 12, 2017 and until the Primus rig resumes operations at USD$158,999.00 (one hundred and fifty-eight thousand nine hundred and ninety-nine dollars 00/100 Currency of the United States of America) per day.

I.2.20 Lastly, derived from the negotiations with the drilling equipment leasing companies of 400 feet, of the characteristics of the drilling equipment Primus, were achieved decreased rates with Group R (2 pieces of equipment), Grupo México (2 pieces of equipment), Perforadora Latina (2 pieces of equipment) and Operadora CICSA (1 piece of equipment).

2. CONSIDERATIONS

2.1. Applicable Regime

Pursuant to the section REPRESENTATIONS in its number 1.3 and 1.5 of the **CONTRACT**, such act at law is regulated by the Law of *Petróleos Mexicanos* in the Federal Official Gazette (hereinafter DOF) on November 28, 2008, the Regulation of the Law of *Petróleos Mexicanos* published in the DOF on September 4, 2009 and the Administrative Contracting Provisions in the subject of leases, works and services of the Substantive Activities of productive nature of *Petróleos Mexicanos* and Subsidiary Bodies (DAC) published in the Federal Official Gazette (DOF) on January 6, 2010 for being applicable upon the formalization of the **CONTRACT.**

Clara Álvarez González
Perito-Traductor P. 045-2016
Consejo de la Judicatura Federal

According to the provisions in the Thirteenth Transitory article of the Law of the *Petróleos Mexicanos* in force, published in the Federal Official Gazette on August 11, 2014, *"The contracts, agreements and other acts at law into which Petróleos Mexicanos and its Subsidiary Bodies enter which are in force as of the entry into force of this law, will be respected in the agreed terms…"*, therefore, the **CONTRACT** continues to be governed by the legal regime under which it was executed and, accordingly, also the early termination subject matter of this Substantiated Opinion.

Early Termination

The Administrative Contracting Provisions in the subject of Leases, Works and Services of the Substantive Activities of Productive Nature of *Petróleos Mexicanos* and Subsidiary Bodies (DAC) published in the Federal Official Gazette (DOF) on January 6, 2010 (applicable upon the formalization of the CONTRACT), point out as appropriate that:

> *"ARTICLE 75.- The Decentralized Bodies may agree in the early termination agreement, according to the needs of the Substantive Project, being able to consider, inter alia, the following causes:*
>
> *(…).*
>
> *v. When the Decentralized Body determines so.*
> *…).*
>
> *The decision of the early termination of an agreement must be fully justified by the Project Manager, with the support of the Services Areas for the Contracting and be authorized by the immediate superior public servant of the Project Manager or if the procedure has been authorized by the Board of Directors, will be required the authorization of the Managing Director of the corresponding Subsidiary Body or of the Corporate Director, as the case may be".*

In the EIGHTEENTH clause "EARLY TERMINATION" of the CONTRACT the parties agreed the following:

> *"EIGHTEENTH.- EARLY TERMINATION*
>
> *"Both parties agree and the LESSOR agrees that PEP may terminate early this Agreement in the following cases:*
> …
>
> *b) For duly justified reasons, when PEP determines so.*
>
> …
> *b) Early termination for determination of PEP.- If PEP determines the early termination of the agreement, it will communicate to the LESSOR the date on which it intends the early termination, at least 30 (thirty) calendar days in advance, provided that the rights and obligations will be in full force and effect until the termination is effective.*
> *(…)"*

The rationale for the early termination of the CONTRACT consists of:

Clara Álvarez González
Perito-Traductor P. 045/2016
Consejo de la Judicatura Federal

2.2.1 Early termination because of the principle of competitiveness provided in article 3, section III and last paragraph of the DACS, derived from that the negotiations ordered by the Board of Directors were obtained better offers than the LESSOR's proposal.

Preamble.

Given the significance of the decision to terminate early the Agreement, we make reference to the regulatory provisions that govern it and those that regulate the performance of *Petróleos Mexicanos* and its Productive Subsidiary Companies as PPS.

The Law of *Petróleos Mexicanos* published in the DOF on November 28, 2008, applicable to the **CONTRACT**, sets forth in its article 1 first paragraph that it is of **public interest**.

Likewise, the Law of *Petróleos Mexicanos* published in the DOF on August 11, 2014, in its article 1 provides:

> *"**Article 1.-** This law regulates article 25, fourth paragraph of the Constitution and of the Twentieth Transitory Article of the Decree that amends and adds several provisions of the Political Constitution of the United Mexican States in the subject of Energy, published in the Federal Official Gazette on December 20, 2013 **is of public interest** and its purpose is to regulate the organization, management, functioning, operation, control, assessment and accountability of the state-owned productive company Petróleos Mexicanos, as well as to establish its special regime in the subject of:*

I. *Subsidiary productive companies and affiliates;*

...

III. *Purchases, leases, services and works;*

...".

Article 3 last paragraph of the Law of *Petróleos Mexicanos* published in the DOF on August 11, 2015, sets forth that in case of doubt must be favored the construction that privileges the best performance of the aims and purpose of *Petróleos Mexicanos* pursuant to its legal nature of state-owned productive company with special regime.

Article 4 of the Law of *Petróleos Mexicanos* published in the DOF on August 11, 2014 sets forth, in the relevant, that the purpose of *Petróleos Mexicanos* is the development of corporate, economic, industrial and commercial activities in terms of its purpose, **generating economic value** for the Mexican state as its owner, ensuring the improvement of the productivity to maximize the oil revenue of the State and contribute with it to the national development.

Article 5 of the Law of *Petróleos Mexicanos* published in the DOF on August 11, 2014 provides that the purpose of *Petróleos Mexicanos* is to carry out, in terms of the applicable legislation, the exploration and extraction of oil and solid, liquid or gaseous hydrogen carbides, as well as their collection, sale and commercialization.

Number 6 of the Law of *Petróleos Mexicanos* published in the DOF on August 11, 2014 provides, in the relevant part, that *Petróleos Mexicanos* may perform its activities, operations or services

Clara Álvarez González
Perito-Traductor P-045-2016
Consejo de la Judicatura Federal

necessary for the compliance of its purpose by itself; with support of its subsidiary productive companies, all that in terms of the provisions in this Law and the other applicable legal provisions.

Article 7 of the Law of *Petróleos Mexicanos* published in the DOF on August 11, 2014 sets forth that **to comply with its purpose,** *Petróleos Mexicanos* may enter into with the Federal Government and with individuals or legal entities all kinds of acts, agreements, contracts, being empowered to perform the operations directly or indirectly related to its purpose.

On the other hand, article 59 of the Law of *Petróleos Mexicanos* published in the DOF on August 11, 2014, sets forth in its first paragraph, that *Petróleos Mexicanos* may have subsidiary productive companies and; in its second paragraph, that *Petróleos Mexicanos* will act through subsidiary productive companies to perform the activities of hydrocarbon exploration and extraction, notwithstanding the provisions in article 63 of this Law.

Wells drilling activities which are **PPS's** purpose are included in what is considered Exploration and Extraction, specifically in article 4 sections XIV and XV of the Hydrocarbons Law.

Likewise, article 60 of the Law of *Petróleos Mexicanos* published in the DOF on August 11, 2014 sets forth in its second paragraph, that the subsidiary productive companies will abide by, *inter alia,* articles 3 and 7 of this Law, their purpose will be the activities that the Board of Directors of *Petróleos Mexicanos* determines, in terms of article 59 and they will operate pursuant to the special regime provided in this Law for *Petróleos Mexicanos* in the subject of budget; debt, purchases, leases, services and works.

The Board of Directors of *Petróleos Mexicanos* is the supreme management body of *Petróleos Mexicanos*, it will be responsible for defining the policies, guidelines and strategic view of *Petróleos Mexicanos*, its subsidiary productive companies and affiliates, its functions include (i) the main steering and the strategic management of the corporate, economic and industrial companies of *Petróleos Mexicanos*, its subsidiary productive companies and affiliates; and (ii) to approve the guidelines, priorities and general policies related to the investments of *Petróleos Mexicanos*, of its subsidiary productive companies. The foregoing based on article 13, sections I and IV of the Law of *Petróleos Mexicanos* published in the DOF on August 11, 2014.

Article 102 section II of the Law of *Petróleos Mexicanos* published in the DOF on August 11, 2014, sets forth that *Petróleos Mexicanos* and its subsidiary productive companies will exercise their respective budgets pursuant to the following, without requiring authorization of the Ministry of Finance and Public Credit, for that, the Board of Directors of *Petróleos Mexicanos* will authorize the budget corresponding to the programs and investment projects of the company and its subsidiary productive companies. Likewise, the referred number in its section V sets forth that they will determine the corresponding adjustments in their budget in case of income decrease, to comply with the approved goal of balance sheet.

Article 103 first paragraph of the Law of *Petróleos Mexicanos* published in the DOF on August 11, 2014, sets forth that the Board of Directors of *Petróleos Mexicanos* will authorize the adaptations to its budget and to those of its subsidiary productive companies.

PPS's purpose is to generate economic value for the Mexican State, as set forth in article 1 second paragraph of the CONTRACT of Creation of the State-owned production company Subsidiary of *Petróleos Mexicanos* named *Pemex Perforación y Servicios,* published in the DOF on April 28, 2015

Clara Álvarez González
Perito-Traductor P. 045/2016
Consejo de la Judicatura Federal

(subsequently PPS Creation Agreement) and 2 of the Organic Statute of Pemex Perforación y Servicios published in the DOF on September 4, 2015, with its amendments of January 5, 2017 (PPS Statute).

Pursuant to article 2, sections I and XIII of the PPS Creation Agreement and 3 sections I and XIII of the PPS Statute, its purpose is to provide services of wells drilling, termination and repair, as well as the execution of the services to wells, being able to enter into with individuals or legal entities, national or foreign, all kinds of acts, agreements and contracts for that.

Constitutional Article 134 sets forth that the economic resources of the Federation, the states, the municipalities, the Federal District, will be managed, among other criteria, with efficiency, effectiveness, economy to meet the purposes to which they are devoted.

Likewise, article 1 second paragraph of the Federal Law of Budget and Tax Liability *(Ley Federal de Presupuesto y Responsabilidad Hacendaria),* the subjects bound comply with the provisions of this Law must ensure that the management of the federal public resources is made, among others, based on criteria of legality, efficiency, effectiveness, economy, rationality, austerity and control.

Likewise, it is noteworthy that article 3, section III and last paragraph of the DAC, sets forth that during the execution of Agreements will be considered the Competitiveness that includes the rules and criteria to be in conditions of obtaining the best market offers.

ARTICLE 3. *The contracting procedures that Decentralized bodies perform will abide by the legality and they will be carried out pursuant to the provisions in Constitutional articles 25, 27, 28 and 134; Regulatory Law of Constitutional Article 27 (Ley Reglamentaria del Artículo 27 Constitucional) and its Regulation; the Law, its Regulation and others related applicable for which the following will be considered:*

...

III. Competitiveness: Rules, conditions and criteria will be established to promote the competition among the interested parties and to be able to obtain the best market offers;

...

The aforementioned principles must be considered at all stages of the contracting procedure and during the execution of the works and culminate in objective and verifiable rules, conditions and criteria, to facilitate accountability.

As corollary of the foregoing it is concluded that, there are justified causes to exercise the contractual right of Early Termination of the **CONTRACT**, for reasons of public interest; namely, that this decision contributes to the maximum economic value, based on criteria of legality, efficiency, effectiveness, economy, rationality, austerity and taking into account the principle of competitiveness to obtain the best market offers.

General budgetary overview, of the oil price and drilling equipment.

The price of crude oil is volatile and its decrease affects negatively the income and cash flow of ***Petróleos Mexicanos*, PEP and PPS.**

International oil prices are subject to the international offer and demand and they fluctuate as a consequence of several factors beyond the control of ***Petróleos Mexicanos*, PEP and PPS.** These factors are, *inter alia:* **Competition** in the Public Sector, price availability and alternative energy

Clara Álvarez González
Perito-Traductor P. 048-2016
Consejo de la Judicatura Federal

sources, international economic trends, fluctuations in the exchange rate in currencies, inflation expectations, local and foreign regulations, political events and other events in the main producing nations and oil consumers, as well as measures that oil exporting countries adopt around their sale and distribution, among others.

In this context, each time that oil prices decrease, is generated a worldwide impact on all sectors (energy and commercial) affecting the economy of several companies, without ***Petróleos Mexicanos*, PEP and PPS being the exception,** which forces them to reconsider or renegotiate their obligations with third parties; as a result thereof, they generally obtain lower income and, thus, generate, less cash flow and lower yields, given that the costs are constant in a greater proportion. On the contrary, when oil prices increase, higher revenues are obtained.

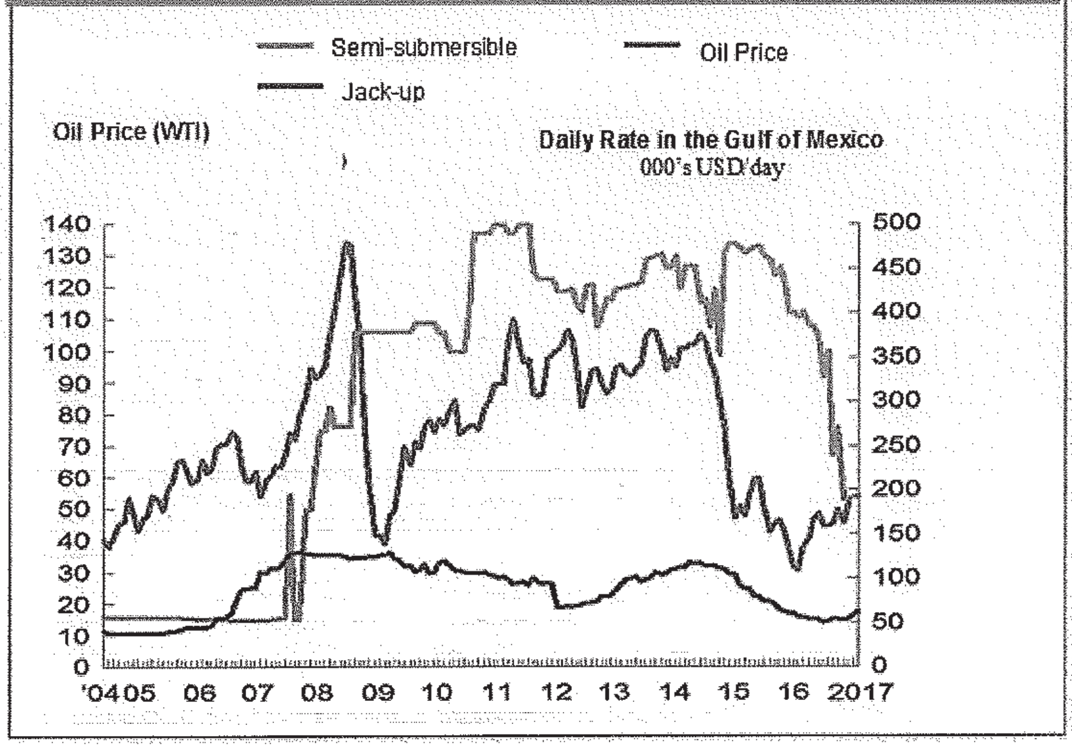
For example, from the reports that Petróleos Mexicanos submits before the National Banking and Securities Commission *(Comisión Nacional Bancaria y de Valores; CNBV for its acronym in Spanish),* Mexican Stock Exchange *(Bolsa Mexicana de Valores; BMV for its acronym in Spanish)* and the Security and Exchange Commission (SEC) that is public information available in the websites (www.cnbv.gob.mx; www.bmv.com.mx; www.pemex.com) it is feasible to determine that the prices of the mixture of the Mexican crude oil they had quoted generally above $75 USD per barrel since October 2009 and they quoted around $94.979 USD per barrel as of July 2014, which began to fall on August 2014.

After a gradual fall that resulted in the prices falling to 91.16 USD as of September 30th, 2014 and that such fall were strongly accelerated until a price of USD53.27 USD per barrel at the end of 2014. During 2015, the weighted average price was approximately 44.17 USD per barrel and it fell to 26.54 USD per barrel (the lowest in 12 years), rising to 46.51 USD per barrel on December 28th, 2016, with an average of 2016 of 35.63 USD per barrel.

According to information contained in the Energy Information Administration of the United States of America, which is the statistical and analysis agency of the Energy Department of the United States of America, the fall in the oil prices worldwide has downward impacted the international rates of the contracts related to global drilling equipment as shown in the following graph:

Clara Álvarez González
Perito-Traductor P.045-2016
Consejo de la Judicatura Federal

The fall in the oil prices has impacted the daily rates negotiated in new rig contracts around the world.



According to information contained in Rigzone: U.S. Energy Information Administration around the world; therefore, negotiations have been made in the drilling rig contracts, where Petróleos Mexicanos is not the exception. Even though the response of the daily rates of rigs to fluctuations in the oil price is not immediate, the contracts that are being agreed upon in the context of low oil prices are made at lower rates; even after the cut in rates negotiated last year, this year the drilling Companies have continued to reduce the rates of equipment in the new negotiations, which is supported with the Agreements issued by the Negotiations Work Group.

In 2013 the PEP budget fluctuated around 256 billion Pesos; in 2014 in an estimate of 301 billion.

In 2015 the PEP budget was 252 billion Pesos (estimate of 48 billion Pesos less than with respect to 2014, plus the budget reduction of 47 billion Pesos instructed in the official document SPE-001-2015 dated January 7th, 2015.

In 2016 was reduced even more, to 216 billion Pesos (almost 85 billion Pesos less than with respect to 2014), plus the reduction in which it may be observed that the cut for PEP was of 46.8 billion Pesos, that is supported with the press release dated February 29th, 2016 (published in the web address http://www.pemex.com/saladeprensa/boletines_nacionales/Paginas/2016-015-nacional.aspx.)

In 2017, from the originally authorized 168 billion Pesos **PEP** suffered a restraint of 28 billion Pesos, resulting in an estimate budget to be enforced by the order of 140 billion Pesos.

Clara Álvarez González
Perito-Traductor P. 045-2016
Consejo de la Judicatura Federal

The foregoing is supported un the official documents attached hereto as **Exhibit 26:**

a) DCF-SPP-31-2013 dated January 16th, 2013 (Official document on the investment release 2013 Expenditure Budget of the Federation (*Presupuesto de Egresos de la Federación; PEF for its acronym in Spanish)*).

b) DCF-SPP-535-2013 dated December 31st, 2013 (Official document on the investment release, 2014 Expenditure Budget of the Federation (PEF)).

c) DCF-SPP-357-2014 dated December 31st, 2014 (Official document on the investment release 2015 Expenditure Budget of the Federation (PEF)).

The 2015 budget restraint is accredited with (i) the official document SPE-001-2015 dated January 7th, 2015 and (ii) the Resolution No. CA-010/2015 issued by the Board of Directors of Petróleos Mexicanos in its Special Meeting 887 dated February 13th, 2015, item 1.1, Adjustment to the 2015 Budget. The documents are part of the exhibits cited in the recitals hereof.

d) DCF-SPP-344-2014 dated December 31st, 2015 Official document on the investment release 2016 Expenditure Budget of the Federation (PEF).

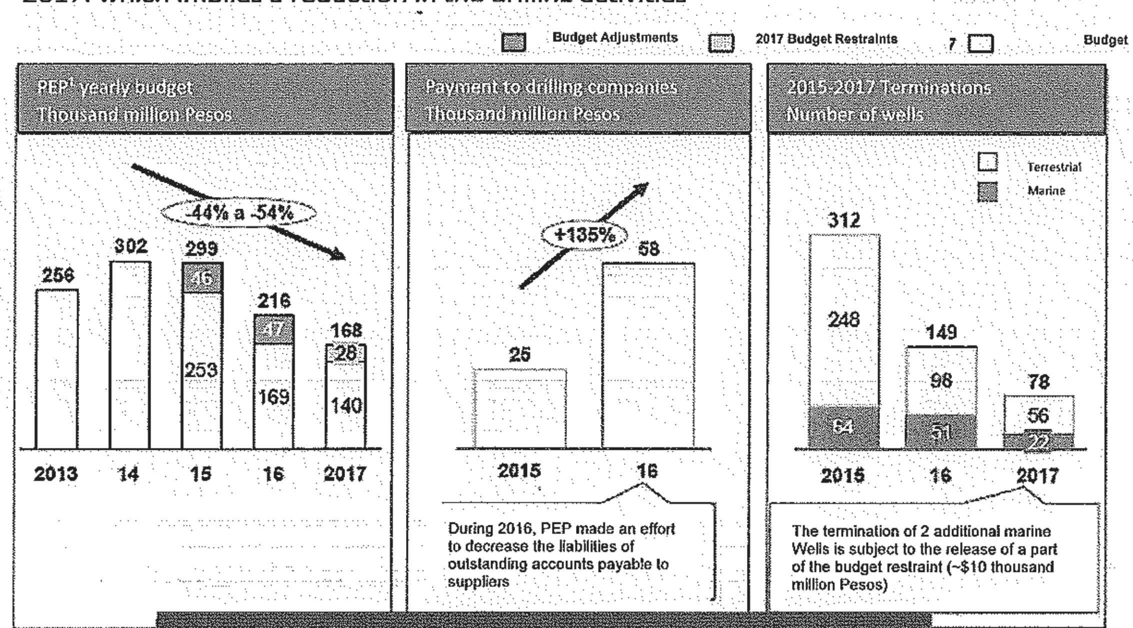
The 2016 budget reduction is accredited with (i) the press release 020-2016 dated February 17th, 2016, issued by the SHCP available at https//:www.gob.mx/shcp/prensa/comunicado-de-prensa-_020-2016), (ii) the Resolution CA-013/2016 issued by the Board of Directors of Petróleos Mexicanos in its Special Meeting 905 dated February 26th, 2016 and; (iii) the press release dated February 29th, 2016 (published in the web page http://pemex.com/saladeprensa/boletines_nacionales/Paginas/2016-015-nacional.aspx), in which it may be observed that the cut for PEP was of 46.8 billion Pesos. The documents are part of the exhibits cited in the recitals hereof.

e) DCF-SP-320-2016 dated December 29th, 2016 Authorized Budget and schedules total net expenses for the 2017 fiscal year. The 2017 budget restraint is accredited with the official document DCF-171-2017 / DCAS-DOPA-47-2017 dated April 18th, 2017.

From the budget authorized in 2014 to the budget authorized in 2017, including the budget restraint for that year, **PEP** suffered a significant reduction in its budget to be enforced, in an estimate of 162 billion Pesos, (approximately 54% of the budget), which as an unavoidable consequence implied a reduction in the drilling activities, affecting the operational programs of **PEP** that were affected during 2017, significantly reducing the activity level in with respect to previous years, as evidenced in the following diagram:

Clara Álvarez González
Perito-Traductor P 045-2016
Consejo de la Judicatura Federal

The PEP budget has been reduced in ~ 44%-54% between 2014 and 2017. which implies a reduction in the drilling activities



The operating programs of the PEP will be affected during 2017, significantly reducing the activity level compared to previous years.

1. 2013-2017 Official documents on the Investment Release; Official Document on the 2017 Budget Constraint
NOTE: Production scenery of 1,941 mbd (POT III – 2017)

The budget reduction has caused that the number or marine equipment of Company with scheduled operation to be reduced in the year 2017, from 37 operating marine equipment at the end of 2017, the budget will only reach for to sustain 15 working equipment, far less than 50% with which the year was begin; the foregoing as shown in the following table:

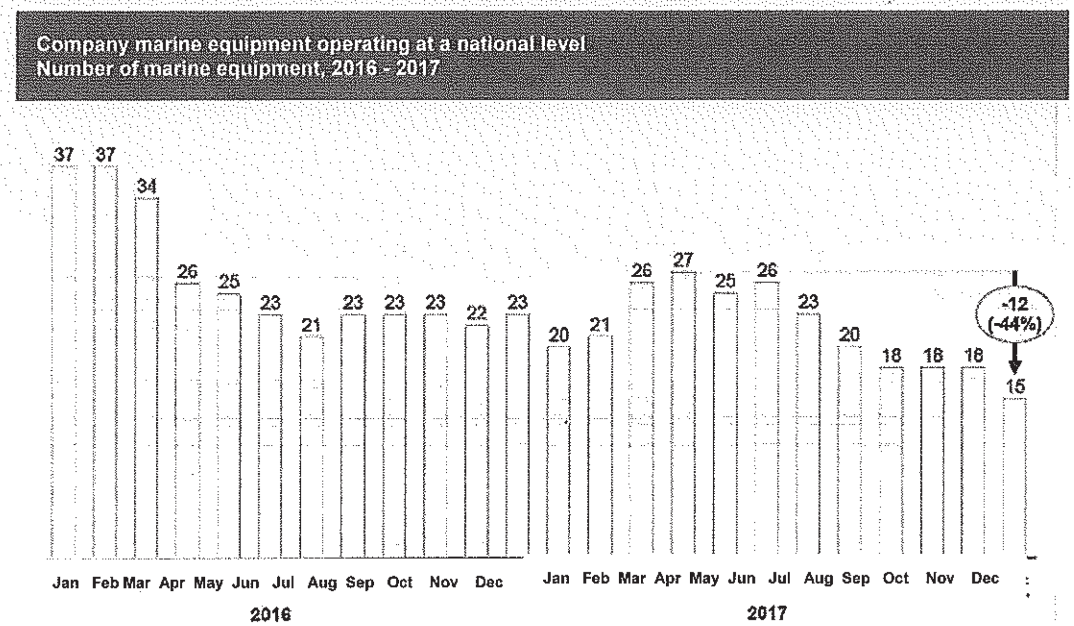
Clara Álvarez González
Perito-Traductor P-845-2016
Consejo de la Judicatura Federal

PEMEX®
PERFORACIÓN Y SERVICIOS

WELLS INTERVENTION OPERATIONS SUBDIRECTORATE
DRILLING AND MARINE WELLS REPAIR MANAGEMENT

TECHNICAL RATIONALE FOR THE EARLY TERMINATION OF THE CONTRACT No. 421003823

The number of company marine equipment with scheduled operation will decrease in 2017 due to the budget availability



SOURCE: Production scenery of 1,941 mbd (POT III)

Behavior or the Oil Industry upon the execution of the CONTRACT

It should be considered that for the contracting of Acquisitions, Leases, Works and Services of the Substantive Productive Activities contemplated by Fraction II of Article 2 of the Regulation of the Law of Petróleos Mexicanos (published in the Federal Official Gazette on September 4th, 2009 and applicable to the CONTRACT), the "GENERAL CRITERIA OF ECONOMIC POLICY FOR THE BILL OF INCOME AND THE BILL OF THE EXPENSES BUDGET OF THE FEDERATION CORRESPONDING RO THE FISCAL YEAR" of the corresponding year are taken into account.

The criteria include budgets of the current oil price and its estimated average in the coming years. For the year 2012, the general Criteria in short established a reference price for the Mexican mixture of export oil from 84.9 dpb (dollars per barrel). This annual estimate of the oil price takes into account criteria set forth in the Federal Law on Budget and Treasury Responsibility (*Ley Federal de Presupuesto y Responsabilidad Hacendaria)*, which sets forth that the price that is used as parameter in the formulation of the Income Law of the Federation; therefore, it shall not exceed the calculation set forth in the General Criteria of Economic Policy. The previous information is available in the following web page, numeral V.1.1 "Oil Price", of numeral V. 2012 ECONOMIC PERSPECTIVES, pages 79 to 81 of the electronic file:

Clara Álvarez González
Perito-Traductor P. 045-2016
Consejo de la Judicatura Federal

http://finanzaspublicas.hacienda.gob.mx/work/models/Finanzas_Publicas/docs/paquete_economico/cgpe/cgpe_2012.pdf

It is the case, that under the scenarios in which the CONTRACT was presented, that comprises from the preparation date of the Economic Model on October 31st, 2012, that gives rise to it, the price of the Mexican Mixture of Oil Daily Barrel *(BDP for its acronym in Spanish)* was at $95.978 USD; thus, a contracting strategy of drilling equipment was implemented to take advantage of the market prices of the oil barrel, which is available in the following web pages:

http://www.sgm.gob.mx/Web/SINEM/energeticos/wti_brebt_mme.html#diario

http://sie.energia.gob.mx/bdiController.do?action=cuadro&cvecua=DIIE_C19_ESP

The "General Criteria of Economic Policy for the Bill of Income and the Bill of Expenditure Budget of the Federation corresponding to the 2013 Fiscal Year", established a reference price expected for 2013, from 84.9 Dollars per Barrel, available in the numeral IV.1.1 "Oil Price", of the numeral IV. 2013 ECONOMIC PERSPECTIVES, pages 51 to 54, of the following web page:

http://finanzaspublicas.hacienda.gob.mx/work/models/Finanzas_Publicas/docs/paquete_economico/cgpe/cgpe_2013.pdf

Likewise, on August 23rd, 2013, formalization date of the CONTRACT, the price of the Mexican Mixture of BDP was at a price of $101.016 USD, which is available in the following web pages:

http://sie.energia.gob.mx/bdiController.do?action=cuadro&cvecua=DIIE_C19_ESP

http://www.sgm.gob.mx/Web/SINEM/energeticos/wti_brent_mme.html#diario

As may be observed, in 2012 and 2013, the behavior of the prices of the Mexican oil mixture in the international market were extremely high, which encouraged the contracting of drilling equipment.

Behavior of the Oil Industry in 2014

The 2014 General Criteria of Economic Policy, established a reference price expected for 2014 of 81.0 Dollars per Barrel, available in the numeral 4.1.2 "Oil Price", of the numeral 4. GUIDELINES OF TAX POLICY AND ECONOMIC PERSPECTIVES FOR 2014, pages 68 to 71, of the following web page: http://www.diputados.gob.mx/PEF2014/ingresos/cgpe.pdf

Notwithstanding that the first two quarters of 2014, the prices of the Mexican mixture remained stable. The prices fell dramatically on the last quarter, as shown below:

Source: http://sie.energia.gob.mx/bdiController.do?action=cuadro&cvecua=DIE_C19_ESP

Energy Information System					
Ministry of Energy					
Energy Planning and Information General Directorate					
Prices and exports of crude oil 1					
(Dollars per barrel and thousands of daily barrels)					
	ACTUALS-MONTHLY				
	Aug/2014	**Sept/2014**	**Oct/2014**	**Nov/2014**	**Dec/2014**
Prices (Dollars per Barrel) 2					

Clara Álvarez González
Perito-Traductor P-075-2016
Consejo de la Judicatura Federal

Mixture of crude oil	**90.80371**	**85.82201**	**75.23261**	**66.94425**	**50.98485**

Behavior of the Oil Industry, budget reduction, 2015 negotiations.

The "General Criteria of Economic Policy for the Bill of Income and the Bill of Expenditures Budget of the Federation corresponding to the 2015 Fiscal Year", established a reference price expected for 2015 of 82.0 Dollars per Barrel, available in the numeral 4.1.2 "Oil Price", of the numeral 4. Economic Perspectives and Guidelines of Fiscal and Economic Policy for 2015, pages 94 to 98, of the following web page:

http://www.apartados.hacienda.gob.mx/presupuesto/temas/ppef/2015/paquete/crietrios_generales_pe_2015.pdf

Derived from the reduction of the oil price during the fourth quarter of the year 2014, actions were performed in order to optimize resources and to seek the best offers of the market, seeking competitive prices, negotiating with the companies, as the **LESSOR,** as shown below:

(a) The official document number SPE-001-2015 dated January 7th, 2015 was issued, in which the Sub-directorate of Planning and Evaluation of Pemex Exploración y Producción stated that in connection to the official documents cited in the background section of such document, where several Sub-directorates request and in some cases, reiterate the need of additional requirements in the investment budget authorized for 2015, informed all Sub-directorates that under the current scenarios of international oil prices and due to the reduction in the expectations of the production programs of this year, the corporate office demanded PEP, a budget reduction of approximately 47 billion Pesos to reduce the negative impact in the income statement of this year, which implied the need to adjust, once again, the budget ceiling.

That based on the foregoing, each of its departments shall reinforce the prioritization analysis and adjustment to the 2015 activities, in order to cancel and defer those that represent the lesser benefit, but without compromising the integrity of PEP´s personnel and facilities.

On the other hand, within the negotiations on budget adjustment, the review with the Corporate Office is sustained in connection with the feasibility of financing wells and works in 2015, in order to not affect the production goals, but in order to obtain financing for productive activities. In order to release its assigned budget, the productive activities shall contribute sufficient income to pay the capital and interest derived from these financings.

(b) The Board of Directors in exercise of its duties, issued the Resolution No. CA-010/2015 in its Special Meeting 887 dated February 13th, 2015, item I.1 Adjustment to the 2015 Budget, specifically in its First item subsection e), approved the Adjustment to the 2015 Budget in the amount of $62 billion, Expenses reductions in hydrocarbon extractive activities that do not impact directly the production rig, and instructed the Administration to commence the acts necessary for the implementation of such resolutions from this date, including the adjustments to the projects and contracts found in such assumptions.

In the first paragraph of Item Four of the Resolution indicated that, with respect to the review of the projects and contracts submitted to this Board, authorized the Administration to negotiate and to agree on the modification of terms, amounts, rates and, in general, any provision that may be adapted to

Clara Álvarez González
Perito-Traductor P. 045-2016
Consejo de la Judicatura Federal

reduce costs and to promote efficiencies in a comprehensive manner and in benefit of the interests of Petróleos Mexicanos and of its Subsidiary Organisms, including those that are related to terms for which the previous authorization of this Board were required in terms of article 10 of the DAC.

Furthermore, it authorized the Administration to formalize the early terminations relevant pursuant to the terms agreed in the same contracts, seeking in all cases that the corresponding settlements are made in the best conditions for purposes of the Adjustment to the 2015 Budget.

As a consequence of the negotiations implemented in conformity with the Resolution No. CA-010/201, the Amendment Agreements Two and Three indicated in the Contractual Recitals chapter were formalized with the LESSOR, as evidenced in the recitals of the aforementioned legal acts.

It is important to mention that the average price of the Mexican mixture of Mexican oil barrel in the year 2015 was: $43.118, price significantly lower than the projected price in the General Criteria of Economic Policy for the Bill of Income and the Bill of Expenditures Budget of the Federation corresponding to the 2015 Fiscal Year, which is available in the following web page of the Energy Information System of the Ministry of Energy:

http://sie.energia.gob.mx/bdiController.do?action=cuadro&cvecua=DIIE_C19_ESP

Behavior of the Oil Industry, budget reduction and 2016 negotiations.

The "General Criteria of Economic Policy for the Bill of Income and the Bill of Expenditures Budget of the Federation corresponding to the 2016 Fiscal Year", established a reference price expected for 2016 of 50.0 Dollars per Barrel, available in the numeral 4.1.2 "Oil Price" of the numeral 4. Economic Perspectives and Guidelines of Tax and Economic Policy for 2016, pages 89 to 91, of the following web page:
http://www.shcp.gob.mx/POLITICAFINANCIERA/FINANZASPUBLICAS/finanzas_publicas_criterios/cgpe_2016.pdf

As the prices of the Mexican oil mixture in 2015 continued to decrease, which was reflected daily in the price of the oil barrel in 2016, the following actions were announced and implemented:

(a) The press release **020-2016 SHCP** published on February 17th, 2016, in the web page **https://www.gob.mxshcp/prensa/comunicado-de-prensa-020-2016**, the Ministry of Finance and Public Credit announced that since from the start of 2016 the volatility in the international financial markets was increased, mainly associated to a new fall in the oil price, it informed the preventive adjustment to the public spending of the departments and entities of the Federal Public Administration (*APF for its acronym in Spanish)* that totaled 132.3 billion Pesos, amount that represents 0.7% percent of the GDP. This amount includes adjustments of 100 billion Pesos in PEMEX.

Note: In summary, the report supports the instruction of the adjustment to the public expense, including the adjustment of 100 billion Pesos in PEMEX that includes its Productive Companies, since, according to articles 6 and 59 of the Law of Petróleos Mexicanos, published in the Federal Official Gazette dated August 11th, 2014, Petróleos Mexicanos acts through its productive companies in the exploration and hydrocarbon extraction activities, that comprise the drilling of wells that are subject of PPS, given that the aforesaid is provided in the definition of Exploration and Extraction included in article 4, sections XIV and XV of the Hydrocarbons Law.

Clara Álvarez González
Perito-Traductor P-043-2016
Consejo de la Judicatura Federal

(b) In the 905 Special Meeting dated February 26th, 2016, the Board of Directors of Petróleos Mexicanos issued the Resolution CA-013/2016, in which it approved the Adjustment to the 2016 Budget of Petróleos Mexicanos and its Subsidiary Productive Companies, for at least, a 100-billion decrease. An adjustment to the budget of the 2016 fiscal year was also authorized, by virtue of the approved adjustment derived from a decrease of the own income, in order to meet the financial report approved by the Union Congress.

Note: With the document it is accredited that the Board of Directors, in exercise of its legal faculties, approved from the adjustment to the 2016 Budget of Petróleos Mexicanos and its Subsidiary Productive Companies, a reduction of at least 100 billion pesos, impacting **PEP** and **PPS** in their capacity of Productive Companies of the State.

(c) Through press release dated February 29th, 2016, published in the web page http://www.pemex.com/saladeprensa/boletines_nacionales/Paginas/2016-015-nacional.aspx, Petróleos Mexicanos informed that the Board of Directors approved the adjustment plan to the Pemex budget for 2016 of 100 billion Pesos, to face the fall in the oil prices, because the Income Law for 2016 contemplated a price per oil barrel of 50 dollars and, at that time, the average price expected for that year was 25 dollars per barrel. That decrease in the oil price posed serious liquidity problems to Petróleos Mexicanos that demanded and adjustment in the income of 100 billion Pesos in order to reach the financial goal; PEP suffered a cut of 46.8 billion Pesos.

Action Lines	Corporate Office	Other SPC*	Logistics	TRI	PEP*	Total
• **Generate efficiencies and reduce costs**	**13.1**	**0.1**	**1.8**	**0.8**	**13.1**	**28.9**
• **Defer / reformulate investments compromising as the future production as little as possible**	**0.0**	**0.2**	**1.8**	**35.4**	**27.5**	**64.9**
• **Adjust the operating and investment expense to the fall of USD 50 to USD 25 average per barrel**	**0.0**	**0.0**	**0.0**	**0.0**	**6.2**	**6.2**
TOTAL	**13.1**	**0.3**	**3.6**	**36.2**	**46.8**	**100.0**

Note: With such report the broadcast that the General Director of Pemex informing that the Board of Directors approved the adjustment plan to the budget of Pemex for 2016 of 100 billion pesos is sustained, to face the fall in the oil prices, since the Income Law for 2016 contemplated a price per

Clara Álvarez González
Perito-Traductor P. 046-2016
Consejo de la Judicatura Federal

oil barrel of 50 dollars and, at that time, the average price expected for that year was 25 dollars per barrel, which posed serious liquidity problems to Petróleos Mexicanos.

(d) The Board of Directors of Petróleos Mexicanos in Ordinary Meeting number 906 dated March 4th, 2016, issued the Resolution No. CA-019/2016, I.5 "Implementation of the Adjustment to the 2016 Budget of Petróleos Mexicanos and its Subsidiary Productive Companies", indicating that in connection with the adjustment to the 2016 Budget of Petróleos Mexicanos and its Subsidiary Productive Companies, authorized the Administration to negotiate and agree on the modification of the contracts, suspensions and early terminations.

Note: The Board of Directors of Petróleos Mexicanos, given the circumstances of adjustment to the 2016 budget of Petróleos Mexicanos and its Subsidiary Productive Companies, authorized to negotiate and agree on the modification of the contracts, suspensions and early terminations.

(e) With the Minutes of July 15th, 2016, the negotiations are accredited, to finally reach an agreement regarding its drilling equipment, that for the case of the **Primus** rig, the Temporary Suspension was agreed at the end of the intervention of the well assigned to it and that is positioned in a safe place and all the tugboats that moved it had been released and 1-year extension.

(f) The Amendment Agreement Four dated November 14th, 2016, in which both parties agreed on the temporary suspension of the **CONTRACT**, during a 12-month period (one year), of the term of the intervention of the well assigned by PPS and is positioned in a safe place and that the tugboats that moved it have been released, without any cost for the PPS. It was agreed in the agreement that once the suspension period had expired, the **CONTRACT** will be automatically renewed, restarting the operations related thereto, without the need of subscribing any legal instrument.

Note: With the Amendment Agreement Four it is supported, as observed in the Recitals Chapter of such Agreement, that based on the Resolution No. CA-019/2016 of the Board of Directors of Petróleos Mexicanos, in the interest of favoring the compliance of the **CONTRACT** and of promoting efficiencies in a comprehensive manner, negotiations were carried out with the **LESSOR**, derived precisely, from the adjustment to the budget suffered by Petróleos Mexicanos and its Productive Companies in 2016; thus, it was necessary to take actions to preserve the interests of **PPS**. The cited Agreement also reflects the agreements of the negotiations implemented by the Negotiations Work Group, as may be observed in the Recital VI of the Agreement Three.

It is important to mention that according to the Energy Information System, the oil price in 2016 did not reach 50 dollars per barrel estimated in the 2016 General Criteria, or worse, only in the months of October and December 2016 did the prices lightly exceed the barrier of 40 dollars per barrel. This information is available in the following web page of the Energy Information System of the Ministry of Energy, as indicated below:

Price Dollars per Barrel (*DPB*)

Concept	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	June 2016	July 2016	Aug 2016	Sept 2016	Oct 2016	Nov 2016	Dec 2016
Mixture of crude oil	23.91061	24.47994	29.44453	32.27916	37.26815	40.05207	38.74628	38.40324	37.7581	41.34854	38.8795	42.76237

Clara Álvarez González
Perito-Traductor P. 046-2016
Consejo de la Judicatura Federal

Source: http://sie.energia-gob.mx/bdiController.do?action=cuadro&cvecua=DIIE_C19_ESP

As is evident, the reference prices of the Mexican mixture that were projected in the years 2015 and 2016 that comprises the execution term of the contract, were totally different and contrary to the expected, causing conflict between the prices of daily rent of the rigs, even so, a discount is offered that is inverted for the oil extraction, against the final barrel final sale price, since it went down more than 50 dollars, according to estimated price of the Mexican mixture of oil barrel as of the date of the Economic Model and formalization of the **CONTRACT**.

Budget reduction, 2017 negotiations under the Competitiveness principle.

In 2017, the situation has not changed with respect to 2016. The price of the Mexican mixture is around 40 USD per barrel:

Energy Information System							
Ministry of Energy							
Energy Planning and Information General Directorate							
Prices and exports of crude oil 1							
(Dollars per barrel and thousands of daily barrels)							
	ACTUALS-MONTHLY						
	Jan/2017	**Feb/2017**	**Mar/2017**	**Apr/2017**	**May/2017**	**Jun/2017**	**Jul/2017**
Prices (Dollars per Barrel) 2							
Mixture of crude oil	**45.37955**	**44.74541**	**42.15618**	**43.49383**	**43.88032**	**41.26067**	**N/D**

Source: http://sie.energia.gob.mx/bdiController.do?action=cuadro&cvecua=DIIE_C19_ESP

According to the prevailing situation of low prices per barrel of Mexican oil and budget reduction in 2017, the Board of Directors of Petróleos Mexicanos issued the Resolution CA-016/2017 dated March 1st, 2017, which in its First numeral authorized the Administration to negotiate and agree on the modification of the contracts, suspensions and early terminations.

In compliance of the Resolution CA-016/2017, the negotiation strategy of Contracts was continued, which had been implemented in prior years with the same companies of the oil industry, under the Competitiveness principle set forth in article 3, section III applicable to the execution of the Contracts in terms of the last paragraph of said article 3 of the DAC; the foregoing in order to obtain the best offers of the market in drilling equipment, regarding the reduction of the rated thereof.

The initial proposal of Petróleos Mexicans since the beginning was to privilege the compliance of the Contracts formalized with the LESSOR, which is supported with the Internal Minutes dated March 23rd, 2017, subscribed by the parties, purpose of which was the "2017 Negotiation Drilling Equipment with the Drilling company Oro Negro, S. de R.L. de C.V."; for that purpose, the members of the Negotiations Work Group *(GTN)* were presented to the LESSOR, participation of which occurs in terms of the Resolution of the Board of Directors of PEMEX CA-016/17 dated March 1st, 2017, that authorizes the Administration to negotiate and agree on the modification of the contracts, suspensions and early terminations.

Clara Álvarez González
Perito-Traductor P-045-2016
Consejo de la Judicatura Federal

The availability of the budget for the year 2017 was explained to them in the meeting, in connection with the drilling activity, use of equipment and wells considered for the same year, as well as the market environment of drilling equipment in the world, both jack-up and semi-submersible, and their behavior with respect to the price.

The LESSOR was informed on PEMEX's proposal to be able to comply its activity during 2017, according to the following:

- *"**Decus:** Daily rate of 116,300 USD for a six-month period as of June 1st, 2017; as well as inclusion of adjustment formula*
- ***Fortius**: Daily rate of 116,300 USD for a six-month period as of June 1st, 2017; as well as inclusion of adjustment formula.*
- ***Impetus**: Daily rate of 116,300 USD for a six-month period as of June 1st, 2017; as well as inclusion of adjustment formula.*
- ***Laurus**: Suspension form May 1st to October 31st, 2017. Daily rate of 116,300 USD with bi-annual adjustment formula.*
- ***Primus:** Suspension from September 12th, 2017 until reactivating it in the last two-month period of 2018. Daily rate of 116,300 USD with bi-annual adjustment formula."*

Derived from the negotiations, in a meeting held on March 23rd, 2017, it can be observed that the initial proposal of Pemex for the CONTRACT was the suspension from September 12th, 2017 until its reactivation in the last two-month period of 2018; thereafter, a daily rate of 116,300 USD since it is a drilling equipment contracted under the REMI MIXTO (Rent with Comprehensive Maintenance that includes the operating personnel) modality, from which it can be observed that keeping the obligations derived from the CONTRACT alive was honored.

Continuing with the negotiations with the LESSOR under a competitiveness scheme, on April 6th, 2017, in a meeting with the LESSOR, which had as an objective "2017 Negotiation Drilling Equipment with the company Perforadora Oro Negro, S. de R.L. de C.V.", it was clear that the LESSOR requested Pemex to send the negotiations proposals in writing to deliver an offer.

In an electronic mail dated April 7th, 2017, a proposal was made to the LESSOR, according to the Resolution of the Board of Directors of PEMEX **CA-016/2017 dated March 1st, 2017**, and based on the budget assigned for 2017 alongside with the expense restraint for that same period, reiterating what had been stated by the Negotiations Work Group in the meeting held on March 23rd and April 6th of this year. With respect to the Primus drilling equipment, it was proposed to enter into a suspension according to the following: Primus from September 12th, 2017 to September 11, 2018.

Thereafter, through an official document DCAS-DOPA-CPAEP-GCSEP-386-2017 dated July 6th, 2017, the company Perforadora Ordo Negro, S. de R.L. de C.V. was informed on Pemex's negotiation proposal, among other things, to continue the lease of the Primus Jack-up Equipment, in terms of the resolution of the Board of Directors CA-016/2017, in order to negotiate with the Lessor both, the applicable rates and the index that would be used to calculate them during the term of the agreement. Basically, this proposal consisted of:

5. **Primus Jack-Up Equipment (No. 421003823)**, suspension from September 12th, 2017 until reactivating the equipment during the last two-month period of the year 2018; taking into account the corresponding extension as of the termination date of the lease term. The rate to be

Clara Álvarez González
Perito-Traductor P. 045-2016
Consejo de la Judicatura Federal

applied will be 116,300 USD and in six-month periods from its reactivation will be determined according to the result of applying the adjustment mechanism that will be included in the corresponding agreement.

As may be observed, the final proposal contained in the official document DCAS DCAS-DOPA-CPAEP-GCSEP-386-2017 for the case of the Primus drilling equipment, at all times was to privilege the relationships between the parties, tending to maintain the obligations of the CONTRACT in effect, and to seek solutions in light of this adverse budget reduction. Therefore, it was necessary to optimize resources under budget austerity and rationality principles, seeking the competition between the Lessors that offer the best proposals of daily rate reduction of drilling equipment, establishing the rules and conditions for everyone.

Through the official document without number, dated July 13th, 2017, the **LESSOR** responded to the proposal presented by Pemex, regarding the reduction of the rates, among other things, of the lease of the "Primus" equipment, stating that the proposal is not acceptable, since it compromises its feasibility and does not allow the compliance of its obligations contracted with third parties, given that as a result of the Amendment Agreements, Oro Negro has suffered a reduction in its income and economic benefits originally agreed around 55%. Considering the foregoing, the LESSOR requested **PPS** the compliance of its obligations set forth in the CONTRACT, and at the same time, it prepared a counter proposal for the Primus rig, as follows:

5. Primus Contract. Subject to the following provisions, **Oro Negro** is willing to accept a reduction in the daily rate according to the following: (i) that the Primus Contract resumes it operation in September 12th, 2017 at a reduced rate that will be agreed by the parties and that will be applicable for a term that will run from September 12th, 2017 to June 30th, 2018, and (ii) the application of the daily rate of US$116,300 (one hundred sixteen thousand three hundred Dollars 00/100 Legal Tender of the United States of America) from July 1st, 2018 and until December 3 1st, 2018, in the understanding that from January 1st, 2019, the corresponding daily rate will be determined based on a formula to be agreed between **PPS** and **Oro Negro**, which will take into account a minimum rate of US$116,300 (one hundred sixteen thousand three hundred Dollars 00/100 Legal Tender of the United States of America) and a maximum rate that will be equivalent to the rate originally agreed in the Contract. The foregoing, given that **Oro Negro** accepted the suspension of the Primus Contract for a 12-month period temporarily requested by **PPS** for only once occasion, without an y cost for **PPS**, incurred to implement and maintain the suspension during such term, nor, as of this date, has affected the cost of the commissioning or pre-commissioning of the Primus rig, in order for the rig to be ready on time and form pursuant to the terms in effect agreed in the Primus Contract. The prior amendment is subject to **PPS** agreeing to extend the term of the Primus Contract for a twenty-four-month period, to eliminate the early termination clause and accepting that, in the event the operation of the Primus Contract does not resume precisely on September 12th, 2017, **PPS** will be bound to pay **Oro Negro** a conventional penalty equivalent to the daily rate that had been accrued since September 12th, 2017 and until the Primus rig resumes operations at a rate of US$158,999.00 (one hundred fifty-eight thousand nine hundred ninety nine Dollars 00/100 Legal Tender of the United States of America) per day.

Clara Álvarez González
Perito-Traductor P. 045/2016
Consejo de la Judicatura Federal

The counter proposal prepared by the LESSOR is unacceptable because it would contravene the competitiveness principle contained in numeral 13 section III of the DAC, by not offering the best conditions, in addition to the market being very volatile; therefore, it is not appropriate to extend the term of the CONTRACT for a twenty-month-period, in addition to currently not having a well intervention train to be assigned to the rig during the remaining period of the CONTRACT .

Likewise, eliminating the early termination clause is not acceptable, considering that it is part of the established contractual model, in other words, it is part of the Economic Model that gave rise to it, pursuant to the provisions of the first paragraph of article 58 of the DAC that establishes that: The contractual amendments shall consider the economic model for the CONTRACT, and would leave PPS defenseless, since the right to terminate a CONTRACT early would be eliminated, that, given the current conditions does not guarantee the best market conditions, is against the public expense containment policy and is far from being adjusted to the competitiveness principle that, according to the market behavior, is out of context, on the basis that the market is volatile and, eliminating the early termination clause, would contravene the provisions of article 57 of the DAC that mentions the minimum clauses a contract must have, among which the termination clause is found, specifically in its subsection p).

As of this date, no agreement that harmonizes the contractual conditions with the status of the oil industry on an international level has been formalized with the LESSOR, in such a way that the competitiveness and efficiency principles that govern the exercise of the expense of the PPS may be complied.

Based on the foregoing and under a competitiveness scheme, the same rules and criteria were established for the lessors of the drilling equipment. Specifically, with the lessor companies of drilling equipment of the same characteristics of the LESSOR, the following were taken into account as negotiations criteria in the proposals:

First, consider drilling equipment of the same characteristics; Jack-Up rigs of 400 feet/P.

Second, without prejudice of being the case of frilling equipment with similar characteristics, the modality of the Lease Agreement was taken into account: (i) if it is a Lease Agreement with Comprehensive Maintenance of the rig (Ren with Comprehensive Maintenance "*REMI*"); or (ii) if it is a Lease Agreement with Comprehensive Maintenance of the rig and that includes the operation crew of the drilling equipment (Rent with Comprehensive Maintenance and operation crew "*REMI MIXTO*").

A reduction of the daily rate to $111,300.00 USD was proposed for the REMI Contracts; for the case of the MIXED REMI Contracts, a reduction of the daily rate of $116,300.00 USD was proposed; pointing out that the CONTRACT that covers the Primus drilling equipment is (Rent with Comprehensive Maintenance that includes the operating personnel of the equipment).

Therefore, as may be determined in the 2017 Negotiation Minutes, the reduction of the daily rate to the amount of $116,300.00 USD was proposed; under the same rules and conditions of the lessors of drilling equipment under the REMI MIXTO modality.

Lastly, it should be noted, that the proposal prepared by the Negotiations Work Group, is not a criteria or rule impossible to comply, given that by reason of the negotiations, the same amount of reduced Daily Rate was proposed as negotiation to the other lessor companies if drilling equipment of the same characteristics of the Primus Jack-up rig (400 Feet/P).

Clara Álvarez González
Perito-Traductor P. 945-2016
Consejo de la Judicatura Federal

In that regard, it is unquestionable that the LESSOR through the CONTRACT, did not offer Petróleos Mexicanos that acts through its subsidiary productive companies such as PPS, the best available conditions, by reason of the negotiations implemented based on the competitiveness principle contained in article 3, section III of the DAC, under the economy, rationality, austerity and expense restraint criteria, in the application of the federal public resources, as referred by article 134 of the Constitution and 1 of the Federal Law on Budget and Treasury Responsibility; due to the fact that, as previously said, reduced rates were obtained with other Lessor companies, without establishing obligations or impossible conditions for the acceptance of the reduced rate; thus, upon the non-existence of an agreement between the parties it is necessary to activate the contractual mechanisms that allow this Productive Company to ***be able to obtain the best market offers***, and therewith, make the competitiveness principle that governs the execution of the contracts effective; hence, the exercise of the right if my representative to early terminate the contractual relationship carried out hereby, is fully justified.

Consequently, the application of the federal public resources must be made based on efficiency, effectiveness, economy, rationality, austerity and control criteria, in order to meet the objectives to which they are destined; which is the payment of daily rent of a drilling equipment, use of which is being enjoyed; which is considered to be of **public interest** given its importance for the Mexican society and that is highly superior to the private interest of the **LESSOR** of demanding the compliance of the **CONTRACT** for, according to its statements, affecting its interests; the foregoing in terms of article 1 of the Law of Petróleos Mexicanos published in the Federal Official Gazette on November 28th, 2008 that governs the **CONTRACT**, and article 1 of the Law of Petróleos Mexicanos published in the Federal Official Gazette on August 11th, 2014 that governs the action of **PPS**, legal provisions that similarly establish in such precept that they are of the public interest.

Particularly, article 3, section III of the DAC, regulation to which the term and enforcement of the CONTRACT are subject to, establishes a series of inalienable principles for the parties to which the contracting procedure and the execution of the same contract must be subject to; specifically, one of such guidelines that guide the contracting and execution of the contracts is the competitiveness according to which "rules, conditions and criteria will be established" ***to be able to obtain the best market offers.***

According to such principle is that this Subsidiary Productive Company is irretrievably obliged to seek, at all times, the procurement of the most favorable rates.

In that regard, the fact that proposals with better terms have been obtained from other Lessor companies of drilling equipment, it is undeniable that according to the competitiveness principle, the legal relationship with the LESSOR may not subsist; thus, it is essential to exercise the right of the LESSEE (**PPS**) to terminate the **CONTRACT** early, pursuant to the provisions of the Eighteenth Clause, subsection b) and 75 section V of the DAC.

Considering the above, it is considered that there are duly justified grounds for PPS to exercise the right to terminate the **CONTRACT** early, based on Article 75 section V, penultimate and last paragraphs, of the DAC in effect as of the contract date, as well as the same agreement reached between the parties, specifically in subsection b) of the EIGHTEENTH CLAUSE "EARLY TERMINATION" of the **CONTRACT**.

3. RESOLUTION

Based on the foregoing, the Drilling and Marine Wells Repair Department, ascribed to the Wells Intervention Operations Subdirectorate of the General Directorate of Pemex Perforación y Servicios, in its capacity of Managing Department of the Project, with support from the Contracting Service

Clara Álvarez González
Perito-Traductor P. 047-2016
Consejo de la Judicatura Federal

Departments, and based on the provisions of article 64, first paragraph of the Regulation of the Law of Petróleos Mexicanos applicable to the **CONTRACT**, Article 75 section V, penultimate and last paragraphs of the DAC in effect as of the date of the contract date, and subsection b) of the EIGHTEENTH CLAUSE.- EARLY TERMINATION of the **CONTRACT,** determines based on duly justified grounds, the Early Termination of the **CONTRACT 421003823**, entered into with the company **PERFORADORA ORO NEGRO, S. DE R.L. DE C.V.**

The **LESSOR** shall be informed that the **CONTRACT** is terminated and, in terms of the EIGHTEENTH CLAUSE. -EARLY TERMINATION first paragraph of subsection b), the 30 (thirty) calendar day period must be complied, in the understanding that the rights and obligations of the parties will remain in full force and effect during such term.

PREPARED BY

[Illegible signature appears]
IRVING JAVIER ARIAS RODRÍGUEZ
ONBOARD REPRESENTATIVE
(SUPERVISOR OF THE CONTRACT)

PROPOSED BY

[Illegible signature appears]
EDGAR JUVENCIO HERRERA RODRÍGUEZ
HEAD OF THE CONTRACTS RESIDENCE
CARMEN-DOS BOCAS

JUSTIFIED BY
MANAGING DEPARTMENT OF THE PROJECT
DRILLING AND MARINE WELLS REPAIR DEPARTMENT

[Illegible signature appears]
RENATO GAMIÑO RAMOS
DRILLING AND MARINE WELLS REPAIR MANAGER

Prepared by: Roberto Marín Rojas

Clara Álvarez González
Perito-Traductor P-045-2016
Consejo de la Judicatura Federal

Clara Emma de María Álvarez González
Colina de Ximena #7 Boulevares,
53140 Naucalpan, State of Mexico, Mexico
Telephones (55) 5360-3121 and Mobile 04455 4537-2394
Email address: clara@directumtranslations.com and calvarezgonzalez9@gmail.com

I, Clara Emma de María Álvarez González, Sworn Translator duly authorized by the Council of the Federal Judiciary, pursuant to the publication in the Federal Official Gazette on December 15, 2017, HEREBY CERTIFY that the attached translation is, to the best of my knowledge, true and correct.

Mexico City, March 28, 2018.

Clara Emma de María Álvarez González
Sworn Translator
P. 045-2016